

By: Senator(s) Harkins, Robinson, Chism,
Fillingane, England, Hill, Branning,
McLendon, McCaughn

To: Finance

SENATE BILL NO. 2226
(As Passed the Senate)

1 AN ACT TO AMEND SECTION 27-117-15, MISSISSIPPI CODE OF 1972,
2 TO EXTEND THE REPEAL DATE OF THE ISRAEL SUPPORT ACT OF 2019; TO
3 AMEND SECTION 27-117-5, MISSISSIPPI CODE OF 1972, TO MAKE
4 TECHNICAL CORRECTIONS TO NUMBERING; TO BRING FORWARD SECTIONS
5 27-117-1, 27-117-3, 27-117-7, 27-117-9, 27-117-11 AND 27-117-13,
6 MISSISSIPPI CODE OF 1972, TO WHICH CONSTITUTE THE ISRAEL SUPPORT
7 ACT OF 2019, FOR THE PURPOSE OF POSSIBLE AMENDMENT; TO AMEND
8 SECTION 27-105-33, MISSISSIPPI CODE OF 1972, TO INCREASE THE
9 AMOUNT OF FUNDS THE STATE TREASURER MAY INVEST IN BONDS ISSUED,
10 ASSUMED OR GUARANTEED BY THE COUNTRY OF ISRAEL UNDER CERTAIN
11 CIRCUMSTANCES; AND FOR RELATED PURPOSES.

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

13 **SECTION 1.** Section 27-117-15, Mississippi Code of 1972, is
14 amended as follows:

15 27-117-15. This chapter shall stand repealed from and after
16 July 1, * * * 2028.

17 **SECTION 2.** Section 27-117-5, Mississippi Code of 1972, is
18 amended as follows:

19 27-117-5. **Duties of the Executive Director of the Department**
20 **of Finance and Administration.** (1) * * * Before December 31,
21 2019, the Executive Director of the Department of Finance and
22 Administration shall develop or contract to develop, using



23 credible information available to the public, a list of companies
24 determined to engage in a boycott of Israel, as described in this
25 section. When completed, the list must be posted on the website
26 of the Department of Finance and Administration.

27 (* * *2) The executive director shall update the list by
28 July 1 of every year.

29 (* * *3) Before a company is included on the finalized
30 initial list or updated list, the executive director must do all
31 of the following:

32 (* * *a) Provide ninety (90) days' written notice of
33 the executive director's intent to include the company on the
34 list. The notice must inform the company that inclusion on the
35 list will make the company ineligible for investment by the State
36 or Public Employees Retirement System. The notice also must
37 specify that the company, if it ceases its boycott of Israel, may
38 be removed from the list.

39 (* * *b) The executive director shall provide a
40 company with an opportunity to comment in writing that it is not
41 engaged in a boycott of Israel. If the company demonstrates to
42 the executive director that the company is not engaged in a
43 boycott of Israel, the company shall not be included on the list.

44 (* * *4) The executive director shall make every effort to
45 avoid including a company on the list erroneously.

46 **SECTION 3.** Section 27-117-1, Mississippi Code of 1972, is
47 brought forward as follows:



48 27-117-1. **Short title.** This chapter shall be known and may
49 be cited as the "Israel Support Act of 2019."

50 **SECTION 4.** Section 27-117-3, Mississippi Code of 1972, is
51 brought forward as follows:

52 27-117-3. **Definitions.** As used in this chapter, the
53 following words and phrases shall have the meanings ascribed in
54 this section unless the context clearly indicates otherwise:

55 (a) "Boycott Israel" or "boycott of Israel" means
56 refusing to deal, terminating business activities, or taking other
57 actions to limit commercial relations with Israel, or persons or
58 entities doing business in Israel or in Israeli-controlled
59 territories, in a discriminatory manner. A statement by a company
60 that it is participating in a boycott of Israel, or that it has
61 initiated a boycott in response to a request for a boycott of
62 Israel or in compliance with, or in furtherance of, calls for a
63 boycott of Israel, may be considered by the public fund to be
64 evidence that a company is participating in a boycott of Israel.
65 The term does not include restrictive trade practices or boycotts
66 fostered or imposed by foreign countries against Israel.

67 (b) "Company" means an organization, association,
68 corporation, partnership, joint venture, limited partnership,
69 limited liability partnership, limited liability company, or other
70 entity or business association, including all wholly owned
71 subsidiaries, majority-owned subsidiaries, and parent companies,
72 that exists for the purpose of making profit.



73 (c) "Expense" means all explicit costs associated with
74 divesting of investments, including, but not limited to, trading
75 costs, brokerage commissions, and any realized losses, and all
76 implicit costs, including, but not limited to, lost opportunity
77 costs resulting from the prohibition from making certain
78 investments.

79 (d) "Investment" means a commitment or contribution of
80 funds or property, whatever the source, a loan or other extension
81 of credit, and the entry into or renewal of a contract for goods
82 or services. The term "investment" does not include indirect
83 beneficial ownership through index funds, commingled funds,
84 limited partnerships, derivative instruments or the like.

85 (e) "Public fund" means the Public Employees'
86 Retirement System and the Treasurer's office.

87 (f) "Scrutinized companies" means companies that
88 boycott Israel or engage in a boycott of Israel.

89 **SECTION 5.** Section 27-117-7, Mississippi Code of 1972, is
90 brought forward as follows:

91 27-117-7. **Limitation on the Public Employees' Retirement**

92 **System and State Treasury Investments.** (1) The Public Employees'
93 Retirement System and the State Treasurer may not invest funds
94 with a company that is identified on a list created pursuant to
95 Section 27-117-5 as a company engaging in a boycott of Israel.

96 (2) Any existing investments in violation of this chapter as
97 of July 1, 2020, must be divested when prudent to do so but not



98 later than one hundred twenty (120) days after the posting is made
99 on the website of the Department of Finance and Administration.

100 **SECTION 6.** Section 27-117-9, Mississippi Code of 1972, is
101 brought forward as follows:

102 27-117-9. **Exception to investment prohibition.**

103 Notwithstanding the provisions of Section 27-117-7, an investment
104 may be made in a company engaged in a boycott of Israel, on a case
105 by case basis, if:

106 (a) The investment was made before December 31, 2019,
107 and the company has adopted, publicized and is implementing a
108 formal plan to cease the boycott of Israel and to refrain from
109 engaging in any new boycott of Israel; or

110 (b) The investor makes a determination that the
111 investments are necessary in order to perform its functions.

112 **SECTION 7.** Section 27-117-11, Mississippi Code of 1972, is
113 brought forward as follows:

114 27-117-11. **Limitation of chapter due to fiduciary**

115 **obligations.** Nothing in this chapter shall be construed to
116 require the Public Employees' Retirement System of Mississippi or
117 the State Treasurer or their agents to take any action as
118 described in this chapter unless it is determined, in good faith,
119 that: the action described in this chapter is consistent with the
120 fiduciary responsibilities of the Public Employees' Retirement
121 System of Mississippi or the State Treasurer or their agents; and



122 there are appropriated funds of the state to absorb the expenses
123 necessary to implement this chapter.

124 **SECTION 8.** Section 27-117-13, Mississippi Code of 1972, is
125 brought forward as follows:

126 27-117-13. **Indemnification of employees and officials for**
127 **compliance with this chapter.** Present, future and former board
128 members, officers, employees and agents of the Public Employees'
129 Retirement System and the Department of Finance and
130 Administration, as well as present, future and former State
131 Treasurers, officers and employees of the State Treasurer and
132 agents retained by the State Treasurer, must be indemnified from
133 the State General Fund and held harmless by the state from all
134 claims, demands, suits, actions, damages, judgments, costs,
135 charges and expenses, including court costs and attorney's fees,
136 and against all liability, losses and damages of any nature
137 whatsoever that these present, future or former board members,
138 officers, employees, agents or contract investment managers shall
139 or may at any time sustain by reason of any decision to restrict,
140 reduce or eliminate investments pursuant to this chapter.

141 **SECTION 9.** Section 27-105-33, Mississippi Code of 1972, is
142 amended as follows:

143 27-105-33. It shall be the duty of the State Treasurer and
144 the Executive Director of the Department of Finance and
145 Administration on or about the tenth day of each month, and in
146 their discretion at any other time, to analyze carefully the



147 amount of cash in the General Fund of the state and in all special
148 funds credited to any special purpose designated by the State
149 Legislature or held to meet the budgets or appropriations for
150 maintenance, improvements and services of the several
151 institutions, boards, departments, commissions, agencies, persons
152 or entities of the state, and to determine in their opinion when
153 the cash in such funds is in excess of the amount required to meet
154 the current needs and demands of no more than seven (7) business
155 days on such funds and report their findings to the Governor. It
156 shall be the duty of the State Treasurer to provide a cash flow
157 model for forecasting revenues and expenditures on a bimonthly
158 basis and providing technical assistance for its operation. The
159 Department of Finance and Administration shall use the cash flow
160 model furnished by the State Treasurer, in analyzing the amount of
161 funds on deposit and available for investment.

162 The State Treasurer is hereby authorized, empowered and
163 directed to invest all such excess general and special funds of
164 the state in the following manner:

165 (a) Funds shall be allocated equally among all
166 qualified state depositories which do not have demand accounts in
167 excess of One Hundred Fifty Thousand Dollars (\$150,000.00) until
168 each qualified depository willing to accept the same shall have on
169 deposit or in security repurchase agreements or in other
170 securities authorized in paragraph (d) of this section at interest
171 the sum of Three Hundred Thousand Dollars (\$300,000.00). For the



172 purposes of this subsection, no branch bank or branch office shall
173 be counted as a separate depository.

174 (b) The balance, if any, of such excess general and
175 special funds shall be offered to qualified depositories of the
176 state on a pro rata basis as provided in Section 27-105-9. For
177 the purposes of this subsection, the pro rata share of each
178 depository shall be reduced by the amount of the average daily
179 collected earning balance of demand deposits maintained by the
180 State Treasurer pursuant to Section 27-105-9 during the preceding
181 calendar year, and such reduction shall be allocated pro rata
182 among other eligible depositories.

183 (c) Funds offered pursuant to paragraphs (a) and (b)
184 above shall be invested for periods of up to one (1) year, and
185 shall bear interest at an interest rate no less than that
186 numerically equal to the bond equivalent yield on direct
187 obligations of the United States Treasury of comparable maturity,
188 as determined by the State Treasurer. In determining such rate,
189 the State Treasurer shall consider the Legislature's desire to
190 distribute funds equitably throughout the state to the maximum
191 extent possible.

192 (d) To the extent that the State Treasurer shall find
193 that general and special funds cannot be invested pursuant to
194 paragraphs (a), (b) and (c) of this section for the stated
195 maturity up to one (1) year, the Treasurer may invest such funds,



196 together with any other funds required for current operation, as
197 determined pursuant to this section, in the following:

198 (i) Time certificates of deposit or
199 interest-bearing accounts with qualified state depositories. For
200 those funds determined under prudent judgment of the State
201 Treasurer to be made available for investment in time certificates
202 of deposit, the rate of interest paid by the depositories shall be
203 determined by rules and regulations adopted and promulgated by the
204 State Treasurer which may include competitive bids. At the time
205 of investment, the interest rate on such certificates of deposit
206 under the provisions of this subparagraph shall be a rate not less
207 than the bond equivalent yield on direct obligations of the United
208 States Treasury with a similar length of maturity.

209 (ii) Direct United States Treasury obligations,
210 the principal and interest of which are fully guaranteed by the
211 government of the United States.

212 (iii) United States government agency, United
213 States government instrumentality or United States
214 government-sponsored enterprise obligations, the principal and
215 interest of which are fully guaranteed by the government of the
216 United States, such as the Government National Mortgage
217 Association; or United States governmental agency, United States
218 government instrumentality or United States government-sponsored
219 enterprise obligations, the principal and interest of which are
220 guaranteed by any United States government agency, United States



221 government instrumentality or United States government-sponsored
222 enterprise contained in a list promulgated by the State Treasurer.

223 (iv) Direct security repurchase agreements and
224 reverse direct security repurchase agreements of any federal book
225 entry of only those securities enumerated in subparagraphs (ii)
226 and (iii) above. "Direct security repurchase agreement" means an
227 agreement under which the state buys, holds for a specified time,
228 and then sells back those securities and obligations enumerated in
229 subparagraphs (ii) and (iii) above. "Reverse direct securities
230 repurchase agreement" means an agreement under which the state
231 sells and after a specified time buys back any of the securities
232 and obligations enumerated in subparagraphs (ii) and (iii) above.
233 A qualified state depository shall be given preference for such
234 agreements when possible.

235 (v) Bonds issued, assumed or guaranteed by the
236 Country of Israel, provided that:

237 1. Investments in such instruments shall be
238 denominated in United States currency;

239 2. Such bonds must be of investment grade as
240 rated by at least one (1) nationally recognized statistical rating
241 agency; and

242 3. The amount of funds invested in such bonds
243 at any time shall not exceed * * * Fifty Million Dollars
244 (\$50,000,000.00).



245 (vi) Corporate bonds and taxable municipal bonds;
246 or corporate short-term obligations of corporations or of wholly
247 owned subsidiaries of corporations, whose short-term obligations
248 are rated A-1 or better by Standard and Poor's, rated P-1 or
249 better by Moody's Investment Service, F-1 or better by Fitch
250 Ratings, Ltd., or the equivalent of these ratings if assigned by
251 another United States Securities and Exchange Commission
252 designated Nationally Recognized Statistical Rating Organization.

253 (e) For the purposes of this section, direct
254 obligations issued by the United States of America shall be deemed
255 to include securities of, or other interests in, any open-end or
256 closed-end management type investment company or investment trust
257 registered under the provisions of 15 USCS Section 80(a)-1 et
258 seq., provided that the portfolio of such investment company or
259 investment trust is limited to direct obligations issued by the
260 United States of America, United States government agencies,
261 United States government instrumentalities or United States
262 government-sponsored enterprises, and to repurchase agreements
263 fully collateralized by direct obligations of the United States of
264 America, United States government agencies, United States
265 government instrumentalities or United States government-sponsored
266 enterprises, and the investment company or investment trust takes
267 delivery of such collateral for the repurchase agreement, either
268 directly or through an authorized custodian. The State Treasurer
269 and the Executive Director of the Department of Finance and



270 Administration shall review and approve the investment companies
271 and investment trusts in which funds invested under paragraph (d)
272 of this section may be invested. The total dollar amount of funds
273 invested in all open-end and closed-end management type investment
274 companies and investment trusts at any one time shall not exceed
275 twenty percent (20%) of the total dollar amount of funds invested
276 under paragraph (d) of this section.

277 (f) Investments authorized by subparagraphs (ii) and
278 (iii) of paragraph (d) shall mature on such date or dates as
279 determined by the State Treasurer in the exercise of prudent
280 judgment to generate a favorable return to the state and will
281 allow the monies to be available for use at such time as the
282 monies will be needed for state purposes. However, the maturity
283 of securities purchased as enumerated in subparagraphs (ii) and
284 (iii) shall not exceed ten (10) years from date of purchase.
285 Special funds shall be considered those funds created
286 constitutionally, statutorily or administratively which are not
287 considered general funds. All funds invested for a period of
288 thirty (30) days or longer under paragraph (d) shall bear a rate
289 at least equal to the current established rate under paragraph (c)
290 of this section.

291 (g) Any interest-bearing deposits or certificates of
292 deposit shall not exceed at any time the amount insured by the
293 Federal Deposit Insurance Corporation in any one (1) banking
294 institution, the Federal Savings and Loan Insurance Corporation in



295 any one (1) savings and loan association, or other deposit
296 insurance corporation approved by the State Treasurer, unless the
297 uninsured portion is collateralized by the pledge of securities in
298 the manner provided by Section 27-105-5.

299 (h) Unless otherwise provided, income from investments
300 authorized by the provisions of this subsection shall be credited
301 to the State General Fund.

302 (i) Not more than Five Hundred Thousand Dollars
303 (\$500,000.00) of funds may be invested with foreign financial
304 institutions, and the State Treasurer may enter into price
305 contracts for the purchase or exchange of foreign currency or
306 other arrangements for currency exchange in an amount not to
307 exceed Five Hundred Thousand Dollars (\$500,000.00) upon specific
308 direction of the Department of Economic and Community Development.
309 The State Treasurer shall promulgate all rules and regulations for
310 applications, qualifications and any other necessary matters for
311 foreign financial institutions.

312 Any liquidating agent of a depository in liquidation,
313 voluntary or involuntary, shall redeem from the state any bonds
314 and securities which have been pledged to secure state funds and
315 such redemption shall be at the par value or market value thereof,
316 whichever is greater; otherwise, The liquidating agent or receiver
317 may pay off the state in full for its deposits and retrieve the
318 pledged securities without regard to par or market value.



319 The State Treasurer and the Executive Director of the
320 Department of Finance and Administration shall make monthly
321 reports to the Legislative Budget Office containing a full and
322 complete statement of all funds invested by virtue of the
323 provisions of this section and the revenues derived therefrom and
324 the expenses incurred therewith, together with all such other
325 information as may seem to each of them as being pertinent to
326 inform fully the Mississippi Legislature with reference thereto.

327 The State Treasurer shall not deposit any funds on demand
328 deposit with any authorized depository, unless such depository has
329 contracted for interest-bearing accounts or time certificates of
330 deposit.

331 Notwithstanding the foregoing, any financial institution not
332 meeting the prescribed ratio requirement set forth in Section
333 27-105-5 whose accounts are insured by the Federal Deposit
334 Insurance Corporation, or any successor to that insurance
335 corporation, may receive state funds in an amount not exceeding
336 the amount which is insured by such insurance corporations and may
337 qualify as a state depository to the extent of such insurance for
338 this purpose only. The paid-in and earned capital funds of such
339 financial institution shall not be included in the computations
340 specified in Section 27-105-9(a) and (b).

341 **SECTION 10.** This act shall take effect and be in force from
342 and after July 1, 2024.

