

2019 DRAFTING REQUEST

Bill

For: **Melissa Sargent (608) 266-0960** Drafter: **agary**  
 By: **McKenzie** Secondary Drafters:  
 Date: **4/29/2019** May Contact:

Same as LRB:

Submit via email: **YES**  
 Requester's email: **Rep.Sargent@legis.wisconsin.gov**  
 Carbon copy (CC) to: **aaron.gary@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Restricting investments by SWIB in firearms companies

**Instructions:**

See attached; redraft of 2017 LRB-5647

**Drafting History:**

| <u>Vers.</u> | <u>Drafted</u>     | <u>Reviewed</u>      | <u>Submitted</u>    | <u>Jacketed</u>     | <u>Required</u> |
|--------------|--------------------|----------------------|---------------------|---------------------|-----------------|
| /?           | agary<br>4/29/2019 | csicilia<br>5/1/2019 |                     |                     |                 |
| /P1          | agary<br>5/6/2019  | csicilia<br>5/7/2019 | lparisi<br>5/1/2019 |                     | State<br>S&L    |
| /1           |                    |                      | mbarman<br>5/7/2019 | mbarman<br>5/7/2019 | State<br>S&L    |

FE Sent For: *2*  
*at*  
*intro*

<END>

**Gary, Aaron**

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**From:** Bagley, McKenzie  
**Sent:** Monday, April 29, 2019 12:56 PM  
**To:** Gary, Aaron  
**Subject:** Restricting investments by SWIB in firearm companies

Hi Aaron,

Rep. Sargent would like to get redrafted LRB 5647/P1 from 2018, relating to restricting investments by SWIB in firearm companies. Please let us know if there are any questions, and thank you in advance!

Sincerely,

McKenzie

**McKenzie Bagley**  
Office of Representative Sargent  
48<sup>th</sup> Assembly District  
(608)-266-0960



State of Wisconsin  
2017 - 2018 LEGISLATURE

9

20

in  
4/29

Wanted  
Wed.  
5/1

- 3060 / P1

LRB-~~3047~~PP1

ARG:wj&klm

*[Handwritten signature]*

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

*g's*

*statute  
5/1  
x  
revised*

*Gerlat*

1 AN ACT to amend ~~25.182~~; and to create 25.17 (14m) (d) and 25.183 (4) of the  
2 statutes; relating to: prohibiting the Investment Board from making  
3 investments in firearms companies.

**Analysis by the Legislative Reference Bureau**

This bill prohibits, with exceptions, the State of Wisconsin Investment Board (SWIB) from investing in securities of any company that manufactures or imports firearms, ammunition, or firearms accessories (firearms company). Within 30 days after the effective date of the bill, SWIB must make its best efforts to identify firearms companies and make a list of these companies. SWIB must update this list at least quarterly. For each company included on this list, SWIB must send a written notice to the company informing the company that SWIB is prohibited from investing in the company and of the reason for this prohibition. After 30 days following the effective date of the bill, SWIB may not make any new investment in securities of any company included on the list. If at this time SWIB already maintains investments in companies included on the list, SWIB must divest itself of these investments within approximately six months. If SWIB later updates its list and adds a company in which SWIB already maintains an investment, SWIB must divest itself of the investment within six months after the company is added to the list. However, these investment prohibitions do not apply to investments made by external managers with whom SWIB has contracted, investments in mutual funds and other commingled instruments, and investments in private equity funds. The bill also requires SWIB to include, in an annual report that under current law SWIB submits to the legislature, SWIB's most recent list and other information relating to SWIB's divestment from firearms companies.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 25.17 (14m) (d) of the statutes is created to read:

2           25.17 (~~14m~~) (d) The most recent list under s. 25.183 (4) (b) 1. and other  
3 information relating to the board's efforts to satisfy the requirements under s. 25.183  
4 (4), including, as applicable, the board's status of divestment from firearms  
5 companies.

6           **SECTION 2.** 25.182 of the statutes is amended to read:

7           **25.182 Management authority for certain funds.** In addition to the  
8 management authority provided under any other provision of law, and  
9 notwithstanding any limitation on the board's management authority provided  
10 under any other provision of law except s. 25.183 (4), the board shall have authority  
11 to manage the money and property of the core retirement investment trust and,  
12 subject to s. 25.17 (5), the variable retirement investment trust in any manner that  
13 does not violate the standard of responsibility specified in s. 25.15 (2).

14           **SECTION 3.** 25.183 (4) of the statutes is created to read:

15           25.183 (4) INVESTMENTS IN FIREARMS COMPANIES. (a) In this subsection:

16           1. "Company" has the meaning given for "business entity" in s. 13.62 (5).

17           2. "Firearms company" means any of the following:

18           a. Any company engaged in the business of manufacturing or importing  
19 firearms or ammunition and having a license to do so issued by the federal  
20 government.

1           b. Any company engaged in the business of manufacturing or importing  
2 firearms accessories.

3           c. Any parent company or subsidiary company of a company described in subd.  
4 2. a. or b. ✓ ✓

5           (b) 1. No later than the 30th day beginning after the effective date of this  
6 subdivision ... [LRB inserts date], the board shall make its best efforts to identify ✓  
7 firearms companies and shall make a list of such companies. At least quarterly, the  
8 board shall update this list after again making its best efforts to identify all such ✓  
9 companies. ✓

10           2. For purposes of subd. 1., the board's best efforts to identify firearms  
11 companies shall, at a minimum, include all of the following: ✓

12           a. Contacting the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, ✓  
13 or any successor agency, to obtain information to identify companies licensed to  
14 manufacture or import firearms or ammunition, including, if necessary, making  
15 federal Freedom of Information Act requests. ✓

16           b. Reviewing publicly available information regarding firearms companies,  
17 including information provided by nonprofit organizations, research firms, and ✓  
18 government entities. ✓

19           c. Contacting other institutional investors known to the board to have ✓  
20 undertaken to identify firearms companies. ✓

21           3. The board shall send a written notice to each firearms company included on  
22 the list under subd. 1. informing the company that the board is prohibited from  
23 investing in the company and of the reason for this prohibition. ✓

24           (c) Notwithstanding s. 25.15 (2), but subject to pars. (d) to (f), after the 30th day  
25 beginning after the effective date of this paragraph ... [LRB inserts date], the board

1 may not invest any of the moneys in funds under its management in any equity or  
2 debt securities of any firearms company included on the board's most recent list  
3 under par. (b) 1. ✓

4 (d) 1. Notwithstanding s. 25.15 (2), but subject to pars. (e) and (f), if the board,  
5 on the 30th day beginning after the effective date of this subdivision .... [LRB inserts  
6 date], maintains any investment prohibited under par. (c), the board shall divest ✓  
7 itself of the investment not later than the first day of the 7th month beginning after  
8 the effective date of this subdivision .... [LRB inserts date]. ✓

9 2. Notwithstanding s. 25.15 (2), but subject to pars. (e) and (f), if upon its ✓  
10 quarterly review the board updates its list under par. (b) 1. to add a company in which  
11 the board maintains an investment prohibited under par. (c), the board shall divest  
12 itself of the investment not later than 6 months after the company is added to the list  
13 under par. (b) 1.

14 (e) In determining whether an investment is prohibited under pars. (c) and (d),  
15 the board may rely on 3rd-party information about a company available from any  
16 research or screening service contracted by the board or from any other pension fund  
17 or investment adviser.

18 (f) This subsection does not apply to any of the following:

19 1. Investments made for the board by investment advisers with which the  
20 board has contracted to manage and control board assets under s. 25.18 (2) (e). ✓

21 2. Investments by the board in mutual funds, index funds, or similar  
22 commingled investment instruments in which the board does not directly hold a  
23 company's security in its own name or as nominee. ✓

24 3. Investments by the board in private equity funds. ✓

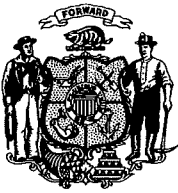
25 **SECTION 4. Initial applicability.**

①

1 (1) REPORT. The treatment of <sup>s.</sup> section 25.17 (14m) (d) <sup>e</sup> of the statutes first applies  
2 to the report required to be submitted by the March 31 occurring at least 60 days after  
3 the effective date of this subsection. ✓

4

(END)



Wanted  
Tues.  
5/7

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in  
5/6

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

5/6 Hc - McKenzie - wants 1, jacketed

SPV

No changes

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9 notwithstanding any limitation on the board's management authority provided  
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20 government.

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2 firearms accessories.

3           c. Any parent company or subsidiary company of a company described in subd.  
4 2. a. or b.

5           (b) 1. No later than the 30th day beginning after the effective date of this  
6 subdivision .... [LRB inserts date], the board shall make its best efforts to identify  
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9 companies.

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2 debt securities of any firearms company included on the board's most recent list  
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16 research or screening service contracted by the board or from any other pension fund  
17 or investment adviser.

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22 commingled investment instruments in which the board does not directly hold a  
23 company's security in its own name or as nominee.

24 3. Investments by the board in private equity funds.

25 **SECTION 4. Initial applicability.**



**Barman, Mike**

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**From:** LRB.Legal  
**To:** Rep.Sargent  
**Subject:** Draft review: LRB -3060/1  
**Attachments:** 19-3060/1

**State of Wisconsin - Legislative Reference Bureau**  
**One East Main Street - Suite 200 - Madison**

**The attached draft was prepared at your request. Please review it carefully to ensure that it satisfies your intent.** If you have any questions concerning the draft or would like to have it redrafted, please contact Aaron R. Gary, Senior Legislative Attorney, at (608) 504-5850, at [aaron.gary@legis.wisconsin.gov](mailto:aaron.gary@legis.wisconsin.gov), or at One East Main Street, Suite 200.

**We will jacket this draft for introduction in the Assembly.**

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will submit a request to DOA when the draft is introduced. You may obtain a fiscal estimate on the draft prior to introduction by contacting our program assistants at [LRB.Legal@legis.wisconsin.gov](mailto:LRB.Legal@legis.wisconsin.gov) or at (608) 266-3561. If you requested a fiscal estimate on an earlier version of this draft and would like to obtain a fiscal estimate on the current version before it is introduced, you will need to request a revised fiscal estimate from our program assistants.

**Please call our program assistants at (608) 266-3561 if you have any questions regarding this email.**