



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-3721/1
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2021 SENATE BILL 743

November 30, 2021 - Introduced by Senators ROTH and DARLING, cosponsored by Representatives MURPHY, ARMSTRONG, GUNDRUM and ALLEN. Referred to Committee on Universities and Technical Colleges.

1 **AN ACT to renumber and amend** 36.11 (11m) (a); **to amend** 25.17 (9m) and
2 36.11 (11m) (b); and **to create** 36.11 (11m) (ag), 36.11 (11m) (c) and 36.65 (7) of
3 the statutes; **relating to:** prohibiting the Board of Regents of the University of
4 Wisconsin System from investing University of Wisconsin System trust funds
5 in certain companies associated with the government of China.

Analysis by the Legislative Reference Bureau

This bill prohibits the Board of Regents of the University of Wisconsin System from investing UW System trust funds in certain companies associated with the government of China.

Under current law, the UW System may receive gifts, grants, and donations and the Board of Regents is responsible for overseeing and administering these gifts, grants, and donations, commonly referred to as UW System trust funds, subject to certain restrictions. The Board of Regents may elect to invest the UW System trust funds by employing a financial manager, contracting with the State of Wisconsin Investment Board, or selecting a private investment firm.

This bill prohibits the Board of Regents, directly or through a financial manager, SWIB, or private investment firm, from investing UW System trust funds in securities of any company 1) that is directly controlled by the Communist Party of China or other governmental unit or instrumentality of China (government of China) or in which the government of China maintains a majority ownership interest; or 2) that contracts with, or provides goods, services, or credit directly to,

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the government of China. If the Board of Regents maintains a prohibited investment on the effective date of the bill, the Board of Regents must divest itself of the investment within approximately one year. In determining whether an investment is prohibited, the Board of Regents may rely on information about a company available from a third-party screening service that utilizes criteria reasonably similar to the criteria described in 1) and 2), above. The bill also requires the Board of Regents to include, in an annual report that under current law the Board of Regents submits to the legislature and the governor, information relating to the Board of Regents' efforts to satisfy the requirements under the bill, including identification of companies in which investment is prohibited and, as applicable, the status of divestment from these companies.

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

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

1 **SECTION 1.** 25.17 (9m) of the statutes is amended to read:

2 25.17 **(9m)** If contracted to do so by the Board of Regents of the University of
3 Wisconsin System, invest the moneys specified in s. 36.11 (11m) in accordance with
4 the terms of the contract and, the board's standard of responsibility specified in s.
5 25.15 (2), and the restrictions in s. 36.11 (11m) (c).

6 **SECTION 2.** 36.11 (11m) (a) of the statutes is renumbered 36.11 (11m) (am), and
7 36.11 (11m) (am) (intro.), as renumbered, is amended to read:

8 36.11 **(11m)** (am) (intro.) The Subject to par. (c) and s. 36.29 (1), the board may
9 invest revenues from gifts, grants, and donations by doing any of the following:

10 **SECTION 3.** 36.11 (11m) (ag) of the statutes is created to read:

11 36.11 **(11m)** (ag) In this subsection:

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

13 2. "Government of China" means any of the following:

14 a. The Communist Party of China.

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1 b. Any governmental unit of the People's Republic of China or of a province,
2 region, or other political subdivision of the People's Republic of China.

3 c. Any instrumentality of the People's Republic of China or the Communist
4 Party of China.

5 **SECTION 4.** 36.11 (11m) (b) of the statutes is amended to read:

6 36.11 (11m) (b) Notwithstanding ss. 25.14 (1) (a) and 25.17 (1) (g), the board
7 is not required to deposit revenues from gifts, grants, and donations in the state
8 investment fund if the board invests these moneys as provided in par. ~~(a)~~ (am).

9 **SECTION 5.** 36.11 (11m) (c) of the statutes is created to read:

10 36.11 (11m) (c) 1. Subject to subds. 2. and 3., after the effective date of this
11 subdivision [LRB inserts date], the board may not invest revenues from gifts,
12 grants, and donations in any equity or debt securities of any of the following:

13 a. Any company that is directly controlled by the government of China or in
14 which the government of China maintains a majority ownership interest.

15 b. Any company that contracts with, or provides goods, services, or credit
16 directly to, the government of China.

17 2. Subject to subd. 3., if the board, on the effective date of this subdivision
18 [LRB inserts date], maintains any investment prohibited under subd. 1., the board
19 shall divest itself of the investment not later than the first day of the 13th month
20 beginning after the effective date of this subdivision [LRB inserts date].

21 3. In determining whether an investment is prohibited under subds. 1. and 2.,
22 the board may rely on 3rd-party information about a company available from any
23 reputable research or screening service, pension fund, institutional investor, or
24 investment adviser, if the 3rd-party information utilizes criteria reasonably similar
25 to the criteria specified in subd. 1. a. and b.

