

AMENDED IN SENATE MARCH 3, 2022

**SENATE BILL**

**No. 1328**

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**Introduced by ~~Senator~~ *Senators McGuire and Cortese*  
(Principal coauthor: *Senator Dodd*)**

(Principal coauthors: *Assembly Members Gabriel and Cristina Garcia*)

(Coauthors: *Senators Becker, Borgeas, Caballero, Eggman, Hertzberg, Hurtado, Leyva, Min, Newman, Ochoa Bogh, Portantino, Rubio, Stern, Umberg, and Wiener*)

(Coauthors: *Assembly Members Aguiar-Curry, Arambula, Bennett, Berman, Bloom, Boerner Horvath, Bryan, Carrillo, Cunningham, Megan Dahle, Daly, Davies, Gallagher, Jones-Sawyer, Lackey, Lee, Levine, Low, Maienschein, Mayes, McCarty, Mullin, Muratsuchi, Nguyen, Patterson, Petrie-Norris, Quirk-Silva, Luz Rivas, Blanca Rubio, Santiago, Ting, Valladares, Voepel, Waldron, Akilah Weber, Wicks, and Wood*)

February 18, 2022

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*An act to add and repeal Sections 7513.73 and 12414 of, and to add and repeal Chapter 8 (commencing with Section 16649.100) of Part 2 of Division 4 of Title 2 of, the Government Code, and to add and repeal Article 14 (commencing with Section 10495) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code, relating to ~~agriculture~~-government, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1328, as amended, McGuire. ~~Agriculture~~. *Prohibited investments and contracts: Russia and Belarus.*

(1) *The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary*

*responsibility for investment of moneys and administration of the retirement fund and system. These provisions qualify this grant of powers by reserving to the Legislature the authority to prohibit investments if it is in the public interest and the prohibition satisfies standards of fiduciary care and loyalty required of a retirement board.*

*Existing law prohibits the boards of administration of the Public Employees' Retirement System and the State Teachers' Retirement System from making investments in certain countries and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems.*

*This bill would prohibit the boards of specified state and local public retirement systems from investing public employee retirement funds in a company with business operations in Russia or Belarus or a company that supplies military equipment to Russia or Belarus, as defined. The bill would require those boards to contract with a research firm or firms to determine those companies with business operations in those countries, and to conduct their own review of companies with business operations in those countries, as specified. The bill would require the boards to determine whether a company has business operations in Russia or Belarus or supplies military equipment to Russia or Belarus. The bill, except as specified, would require the board to notify companies determined to have business operations with those countries, and request the company to take substantial action, as defined and specified. If the company fails to complete substantial action, the bill would prohibit the board from making additional or new investments in that company, and to liquidate the investments of the board in that company, as specified. The bill would also require the board, on or before January 1, 2023, and every year thereafter, to file a specified report with the Legislature. The bill would repeal these provisions on specified triggering events. By requiring the boards of local public retirement systems to take specified actions, this bill would impose a state-mandated local program.*

*(2) Existing law specifies the duties of the Controller, which include superintending the fiscal concerns of the state and auditing all claims against the state.*

*This bill, except as specified, would prohibit the Controller from making additional or new investments or renewing existing investments of state moneys in any investment vehicle in the government of Russia that meets certain conditions, or in or from a Russian financial*

*institution currently under sanctions imposed by the United States, as defined and specified. The bill would repeal these provisions on specified triggering events.*

*(3) Existing law specifies how money received into the treasury must be credited and how those state funds are to be used. Existing law prohibits state funds from being used to reimburse a state contractor for costs incurred to assist, promote, or deter union organizing, as defined and specified. Existing law also prohibits state trust moneys from being used to make additional or new investments or to renew existing investments in business firms that engage in discriminatory practices in further of or in compliance with the Arab League's economic boycott of Israel, as defined and specified.*

*This bill, except as specified, would prohibit a state agency, as defined, from making additional or new investments or renewing existing investments of state moneys in any investment vehicle in the government of Russia that meets certain conditions, or in or from Russian financial institutions currently under sanctions imposed by the United States, and would require a state agency to liquidate those investments. The bill would also require a state agency to file a specified report with the Legislature and the Governor. The bill would urge companies operating in California and the Regents of the University of California to divest and separate themselves from the government of Russia, Russian financial institutions, and Russian businesses, and would request companies doing business in California to report their investments in and contracts with the government of Russia, Russian financial institutions, and Russian businesses, as specified. The bill would repeal these provisions on specified triggering events.*

*(4) Existing law authorizes state agencies to contract for goods, information technology, or services with certain suppliers, as specified. Existing law also makes companies in Sudan involved in certain activities ineligible to bid or submit a proposal for, and forbids them from bidding on or submitting a proposal for, a contract with a state agency for goods or services, as specified.*

*This bill, except as specified, would make a company that conducts business with the government of Russia ineligible to bid or submit a proposal for, and would forbid that company from bidding on or submitting a proposal for, a contract with a state agency for goods or services, as defined and specified. The bill would require a state agency to require a company that submits a bid or proposal with respect to a contract for goods or services to certify that the company is not a*

*scrutinized company, as prescribed. The bill would, among other things, make a company that submits a false certification under these provisions liable for a civil penalty, and would require the Department of General Services to report the company to the Attorney General, who would be required to determine whether to bring a civil action against the company, as specified. The bill would repeal these provisions on specified triggering events.*

*(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

*(6) This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing law specifies the state’s general powers and authority over agriculture and establishes, among other things, the state and local agencies and commissions with authority or responsibilities over agriculture, the various projects, programs, requirements, and standards regarding livestock, poultry, sheep, swine, and other farm animals, dogs and cats, fruits, nuts, vegetables, cotton, industrial hemp, and other crops, milk and milk products, pest control operations, food labeling, distribution and use of agricultural chemicals, the content, handling, and sale of commercial feeds, bee management and honey production, the marketing, processing, storing, and dealing of agricultural products, and the various sources of funding or fee structures supporting these efforts.~~

~~This bill would state the intent of the Legislature to enact subsequent legislation relating to agriculture.~~

~~Vote: majority<sup>2</sup>/3. Appropriation: no. Fiscal committee: no-yes. State-mandated local program: no-yes.~~

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 7513.73 is added to the Government Code,
- 2     to read:
- 3     7513.73. (a) The Legislature finds and declares all of the
- 4     following:

1     (1) *On February 24, 2022, the President of Russia, Vladimir*  
2 *Vladimirovich Putin, initiated an unprovoked war against the*  
3 *sovereign and independent nation of Ukraine in violation of*  
4 *international law.*

5     (2) *At his direction, Russian military forces have inflicted death*  
6 *and destruction on the territory of Ukraine, killing its men, women,*  
7 *and children in their homes, their places of work, their places of*  
8 *worship, and anywhere they seek shelter.*

9     (3) *Through his irrational actions President Putin has*  
10 *additionally caused hundreds of thousands of Ukrainians and*  
11 *nationals from all over the world to flee Ukraine and seek refuge*  
12 *in neighboring countries, disrupting the safety, livelihood, and*  
13 *economic activity of millions of innocent people.*

14     (4) *President Putin and members of his clique of oligarchs*  
15 *benefit enormously from economic activity with western economies,*  
16 *including with trade and economic investment from California,*  
17 *which facilitates Russian military and political aggression against*  
18 *Ukraine and against the world's free and democratic nations.*

19     (5) *The government of Belarus facilitated Russia's attack on*  
20 *Ukraine by allowing Russian military units to launch an attack*  
21 *from Belarus against Ukraine's capital Kyiv and by preparing to*  
22 *join in the military attack against Ukraine.*

23     (6) *The President of Ukraine, Volodymyr Oleksandrovych*  
24 *Zelenskyy, and the Ukrainian people have demonstrated that*  
25 *courage and sacrifice in the face of overwhelming aggression can*  
26 *unite the world against that aggression and stop it in its tracks.*

27     (7) *The purpose of California's public pension funds is to*  
28 *provide a secure retirement to the people who have dedicated their*  
29 *careers and their lives to serving the people of California. That*  
30 *security, and thus the funds' purpose, is threatened when an*  
31 *authoritarian government can, with impunity, eliminate another*  
32 *sovereign nation and make extreme threats to the international*  
33 *political and economic order. The founders of our pension systems*  
34 *understood this as they witnessed two world wars within their*  
35 *lifetimes.*

36     (8) *In order to defend the democratic values of the people of*  
37 *California and ensure their security and the security of the state's*  
38 *public pension systems, it is necessary to cut all economic*  
39 *investment in the aggressor countries and stand with President*

1 *Zelenskyy, the people of Ukraine, and all people who support*  
2 *liberal democracy, peace, and freedom.*

3 *(b) As used in this section, the following definitions apply:*

4 *(1) “Active business operations” means a company engaged in*  
5 *business operations that provide revenue to the government of*  
6 *Russia or the government of Belarus.*

7 *(2) “Aggressor countries” means Russia and Belarus.*

8 *(3) “Belarus” means the Republic of Belarus.*

9 *(4) “Board” means the board of any public retirement system*  
10 *subject to Section 7522.02.*

11 *(5) “Business operations” means maintaining, selling, or leasing*  
12 *equipment, facilities, personnel, or any other apparatus of business*  
13 *or commerce in the aggressor countries, including the ownership*  
14 *or possession of real or personal property located in Russia or*  
15 *Belarus.*

16 *(6) “Company” means a sole proprietorship, organization,*  
17 *association, corporation, partnership, venture, or other entity, its*  
18 *subsidiary or affiliate that exists for profitmaking purposes, or to*  
19 *secure economic advantage. “Company” also means a company*  
20 *owned or controlled, directly or indirectly, by the government of*  
21 *Russia or Belarus, or by a sanctioned person.*

22 *(7) “Government of Belarus” means the government of Belarus*  
23 *or its instrumentalities.*

24 *(8) “Government of Russia” means the government of Russia*  
25 *or its instrumentalities.*

26 *(9) “Invest” or “investment” means the purchase, ownership,*  
27 *or control of stock of a company, association, or corporation,*  
28 *bonds issued by the government or a political subdivision of Russia*  
29 *or by the government or a political subdivision of Belarus,*  
30 *corporate bonds or other debt instruments issued by a company,*  
31 *or the commitment of funds or other assets to a company, including*  
32 *a loan or extension of credit to that company.*

33 *(10) “Public employee retirement funds” means any funds*  
34 *controlled by a retirement board subject to Section 7522.02.*

35 *(11) “Research firm” means a reputable, neutral third-party*  
36 *research firm.*

37 *(12) “Russia” means the Russian Federation.*

38 *(13) “Sanctioned person” means any individual or entity subject*  
39 *to sanctions imposed by the United States government arising out*

1 of Russia’s invasion of Ukraine as initiated on or after February  
2 24, 2022.

3 (14) “Substantial action” means a boycott of the aggressor  
4 countries, curtailing business in those countries until that time  
5 described in subdivision (n), selling company assets, equipment,  
6 or real and personal property located in the aggressor countries,  
7 or undertaking significant humanitarian efforts in Ukraine.

8 (c) The board shall not invest public employee retirement funds  
9 in a company with business operations in the aggressor countries  
10 that meets any of the following criteria:

11 (1) The company is engaged in active business operations in  
12 Russia or Belarus.

13 (2) Either of the following apply:

14 (A) The company is engaged in oil-related activities or energy  
15 or power-related operations, or contracts with another company  
16 with business operations in the oil, energy, and power sectors of  
17 Russia or Belarus, and the company failed to take substantial  
18 action related to the aggressor countries’ invasion of Ukraine.

19 (B) The company has demonstrated complicity in the Russian  
20 invasion of Ukraine.

21 (d) Notwithstanding subdivision (c), the board shall not invest  
22 public employee retirement funds in a company that supplies  
23 military equipment to Russia or to Belarus.

24 (e) (1) The board shall contract, without regard to the  
25 provisions regarding competitive bidding, with a research firm or  
26 firms to determine those companies that have business operations  
27 in the aggressor countries. Those research firms shall obtain, in  
28 the aggregate, data on a majority of companies with business  
29 operations in the aggressor countries. Within one month of this  
30 section being chaptered, those research firms shall report any  
31 findings to the board and those research firms shall submit further  
32 findings to the board if there is a change of circumstances in  
33 Ukraine.

34 (2) In addition to the reports described in paragraph (1), the  
35 board shall take all of the following actions no later than one  
36 month after this section is chaptered:

37 (A) Review publicly available information regarding companies  
38 with business operations in the aggressor countries.

39 (B) Contact other institutional investors that invest in companies  
40 with business operations in the aggressor countries.

1 (C) Send written notice to a company with business operations  
2 in the aggressor countries that the company may be subject to this  
3 section.

4 (f) (1) The board shall determine, by the next applicable board  
5 meeting and based on the information and reports described in  
6 subdivision (e), if a company meets the criteria described in  
7 subdivision (c) or (d). If the board plans to invest or has  
8 investments in a company that meets the criteria described in  
9 subdivision (c) or (d), that planned or existing investment shall be  
10 subject to subdivisions (h) and (i).

11 (2) Any investment of the board in a company that does not meet  
12 the criteria described in subdivision (c) or (d) or does not have  
13 active business operations in Russia or Belarus is not subject to  
14 subdivision (i), provided that the company does not subsequently  
15 meet the criteria described in subdivision (c) or (d) or engage in  
16 active business operations. The board shall identify the reasons  
17 why that company does not satisfy the criteria described in  
18 subdivision (c) or (d) or does not engage in active business  
19 operations in the report to the Legislature described in subdivision  
20 (j).

21 (g) (1) Notwithstanding subdivision (f), if the board's investment  
22 in a company described in subdivision (c) or (d) is limited to  
23 investment via an externally and actively managed commingled  
24 fund, the board shall contact that fund manager in writing and  
25 request that the fund manager remove that company from the fund  
26 as described in subdivision (i). Within two months after this section  
27 is chaptered, if the fund or account manager creates a fund or  
28 account devoid of companies described in subdivision (c) or (d),  
29 the transfer of board investments from the prior fund or account  
30 to the fund or account devoid of companies with business  
31 operations in Russia or Belarus shall be deemed to satisfy the  
32 provisions set forth in subdivision (i).

33 (2) If the board's investment in a company described in  
34 subdivision (c) or (d) is limited to an alternative fund or account,  
35 the alternative fund or account manager creates an actively  
36 managed commingled fund that excludes companies described in  
37 subdivision (c) or (d), and the new fund or account is deemed to  
38 be financially equivalent to the existing fund or account, the  
39 transfer of board investments from the existing fund or account to  
40 the new fund or account shall be deemed to satisfy the provisions

1 *set forth in subdivision (i). If the board determines that the new*  
2 *fund or account is not financially equivalent to the existing fund,*  
3 *the board shall include the reasons for that determination in the*  
4 *report described in subdivision (j).*

5 *(3) The board shall make a good faith effort to identify any*  
6 *private equity investments that involve companies described in*  
7 *subdivision (c) or (d) or are linked to the government of Russia or*  
8 *Belarus or any sanctioned person. If the board determines that a*  
9 *private equity investment clearly involves a company described in*  
10 *subdivision (c) or (d) or is linked to the government of Russia, the*  
11 *government of Belarus, or a sanctioned person, the board shall*  
12 *consider, at its discretion, if those private equity investments shall*  
13 *be subject to subdivision (i). If the board determines that a private*  
14 *equity investment clearly involves a company described in*  
15 *subdivision (c) or (d) or is linked to the government of Russia or*  
16 *Belarus or a sanctioned person and the board does not take action*  
17 *as described in subdivision (i), the board shall include the reasons*  
18 *for its decision in the report described in subdivision (j).*

19 *(h) Except as described in subdivision (g) or paragraph (2) of*  
20 *subdivision (f), the board shall notify, in the board's capacity of*  
21 *shareholder or investor, any company described in paragraph (1)*  
22 *of subdivision (f) that the company is subject to subdivision (i) and*  
23 *authorize that company to respond to the information and reports*  
24 *described in subdivision (e). The board shall request that the*  
25 *company take substantial action no later than 30 days from the*  
26 *date the board notified the company under this subdivision. If the*  
27 *board determines that a company has taken substantial action or*  
28 *has made sufficient progress towards substantial action before*  
29 *the expiration of that 30-day period, that company shall not be*  
30 *subject to subdivision (i). The board shall continue to monitor and*  
31 *review, at intervals not to exceed 30 days, the progress of the*  
32 *company until that company has taken substantial action. A*  
33 *company that fails to complete substantial action or continue to*  
34 *make sufficient progress towards substantial action by the next*  
35 *time interval shall be subject to subdivision (i).*

36 *(i) If a company described in paragraph (1) of subdivision (f)*  
37 *fails to complete substantial action by the time described in*  
38 *subdivision (h), the board shall take the following actions:*

39 *(1) The board shall not make additional or new investments or*  
40 *renew existing investments in that company.*

1     (2) *The board shall liquidate the investments of the board in*  
2 *that company no later than six months after this subdivision applies*  
3 *to that company. The board shall liquidate those investments in a*  
4 *manner to address the need for companies to take substantial*  
5 *action in the aggressor countries and consistent with the board’s*  
6 *fiduciary responsibilities as described in Section 17 of Article XVI*  
7 *of the California Constitution.*

8     (j) *On or before January 1, 2023, and every year thereafter, the*  
9 *board shall file a report with the Legislature. The report shall*  
10 *describe all of the following:*

11     (1) *A list of investments the board has in companies with*  
12 *business operations in Russia or Belarus, including, but not limited*  
13 *to, the issuer, by name, of the stock, bonds, securities, and other*  
14 *evidence of indebtedness.*

15     (2) *A detailed summary of the business operations a company*  
16 *described in paragraph (1) has in Russia or Belarus and whether*  
17 *that company satisfies all of the criteria in subdivision (c) or (d).*

18     (3) *Whether the board has reduced its investments in a company*  
19 *that satisfies the criteria in subdivision (c) or (d).*

20     (4) *If the board has not completely reduced its investments in*  
21 *a company that satisfies the criteria in subdivision (c) or (d), when*  
22 *the board anticipates that the board will reduce all investments*  
23 *in that company or the reasons why a sale or transfer of*  
24 *investments is inconsistent with the fiduciary responsibilities of*  
25 *the board as described in Section 17 of Article XVI of the*  
26 *California Constitution.*

27     (5) *Any information described in subdivision (f).*

28     (6) *A detailed summary of investments that were transferred to*  
29 *funds or accounts devoid of companies with business operations*  
30 *in Russia or Belarus or with a sanctioned person as described in*  
31 *subdivision (g).*

32     (k) *If the board voluntarily sells or transfers all of its investments*  
33 *in a company with business operations in Russia or Belarus or*  
34 *with a sanctioned person, this section shall not apply except that*  
35 *the board shall file a report with the Legislature related to that*  
36 *company as described in subdivision (j).*

37     (l) *This section does not require the board to take action as*  
38 *described in this section unless the board determines, in good*  
39 *faith, that the action described in this section is consistent with*

1 *the fiduciary responsibilities of the board as described in Section*  
2 *17 of Article XVI of the California Constitution.*

3 *(m) Subdivision (i) shall not apply to any of the following:*

4 *(1) Investments in a company that is primarily engaged in*  
5 *supplying goods or services intended to relieve human suffering*  
6 *in Ukraine.*

7 *(2) Investments in a company that promotes health, education,*  
8 *journalistic, or religious activities in or welfare in Ukraine.*

9 *(n) This section shall remain in effect only until one of the*  
10 *following occurs, and as of the date of that action, is repealed:*

11 *(1) The aggressor countries halt the invasion and occupation*  
12 *of Ukraine as determined by the U.S. Department of State.*

13 *(2) The United States revokes all sanctions against the aggressor*  
14 *countries imposed because of their participation in the February*  
15 *24, 2022, invasion of Ukraine.*

16 *SEC. 2. Section 12414 is added to the Government Code, to*  
17 *read:*

18 *12414. (a) As used in this section, the following definitions*  
19 *apply:*

20 *(1) "Government of Russia" means the government of Russia*  
21 *or its instrumentalities or political subdivisions.*

22 *(2) "Russia" means the Russian Federation.*

23 *(3) "State moneys" means all money, bonds, and securities in*  
24 *possession of or collected by the Controller.*

25 *(b) (1) The Controller shall not make additional or new*  
26 *investments or renew existing investments of state moneys in any*  
27 *investment vehicle in the government of Russia that meets either*  
28 *of the following criteria:*

29 *(A) The investment vehicle is issued by the government of Russia.*

30 *(B) The investment vehicle is owned by the government of*  
31 *Russia.*

32 *(2) The Controller shall not make additional or new investments*  
33 *or renew existing investments of state moneys in any investment*  
34 *vehicle in or from a Russian financial institution currently under*  
35 *sanctions imposed by the United States.*

36 *(c) This section does not require the Controller to take action*  
37 *as described in this section unless the Controller determines in*  
38 *good faith that the action described in this section is consistent*  
39 *with the Controller's fiduciary responsibilities.*

1 (d) This section shall remain in effect only until one of the  
2 following occurs, and as of the date of that action, is repealed:

3 (1) Russia halts the invasion and occupation of Ukraine as  
4 determined by the U.S. Department of State.

5 (2) The United States revokes all sanctions against Russia  
6 imposed because of its participation in the February 24, 2022,  
7 invasion of Ukraine.

8 SEC. 3. Chapter 8 (commencing with Section 16649.100) is  
9 added to Part 2 of Division 4 of Title 2 of the Government Code,  
10 to read:

11  
12 *CHAPTER 8. RUSSIA DIVESTMENT ACT*

13  
14 16649.100. (a) As used in this section, the following definitions  
15 apply:

16 (1) “Government of Russia” means the government of Russia  
17 or its instrumentalities or political subdivisions.

18 (2) “Russia” means the Russian Federation.

19 (3) “State agency” means any agency, board, or commission  
20 of state government.

21 (4) “State moneys” means all money, bonds, and securities in  
22 possession of or collected by any state agency.

23 (b) (1) A state agency shall not make an additional or new  
24 investment or renew an existing investment of state moneys in any  
25 investment vehicle in the government of Russia that meets either  
26 of the following criteria:

27 (A) The investment vehicle is issued by the government of Russia.

28 (B) The investment vehicle is owned by the government of  
29 Russia.

30 (2) A state agency shall not make an additional or new  
31 investment or renew an existing investment of state moneys in any  
32 investment vehicle in or from a Russian financial institution  
33 currently under sanctions imposed by the United States.

34 (c) A state agency shall liquidate any investment described in  
35 subdivision (b) within six months of this section being chaptered.

36 (d) Within one year of this section being chaptered, a state  
37 agency shall file a report with the Legislature, in compliance with  
38 Section 9795, and with the Governor, that shall include all of the  
39 following:

1     (1) A list of any investment vehicle of which the state agency  
2 has liquidated its investment pursuant to subdivision (c).

3     (2) A list of any investment vehicle in the government of Russia  
4 or in or from a Russian financial institution of which the state  
5 agency has not liquidated its investment as a result of a  
6 determination made pursuant to subdivision (e) that a sale or  
7 transfer of that investment is inconsistent with the fiduciary  
8 responsibilities of the state agency.

9     (e) This section does not require a state agency to take action  
10 as described in this section unless the state agency determines in  
11 good faith that the action described in this section is consistent  
12 with the fiduciary responsibilities of the state agency.

13     (f) (1) Before an extension of the operation of this section, the  
14 state agency shall reevaluate, using methods or processes as  
15 determined by the state agency, the merit of continuing the  
16 prescribed divestment action, including, but not limited to, the  
17 financial effects of the divestment action on the fiduciary  
18 responsibilities of the state agency.

19     (2) Within three years of this section being chaptered, the state  
20 agency shall submit a report to the Legislature with the information  
21 described in paragraph (1) on the merit of continuing the  
22 prescribed divestment action.

23     (3) A report submitted pursuant to this subdivision shall be  
24 submitted in compliance with Section 9795.

25     (g) (1) The Legislature hereby urges any company operating  
26 in California to divest and separate themselves from the  
27 government of Russia, Russian financial institutions, and Russian  
28 businesses.

29     (2) The Legislature hereby requests any company doing business  
30 in California to report their investments in and contracts with the  
31 government of Russia, Russian financial institutions, and Russian  
32 businesses to the Secretary of State within six months of this section  
33 being chaptered.

34     (3) The Legislature hereby urges the Regents of the University  
35 of California to divest and separate themselves and the University  
36 of California from the government of Russia, Russian financial  
37 institutions, and Russian businesses.

38     (h) This chapter shall remain in effect only until one of the  
39 following occurs, and as of the date of that action, is repealed:

1 (1) *Russia halts the invasion and occupation of Ukraine as*  
 2 *determined by the U.S. Department of State.*

3 (2) *The United States revokes all sanctions against Russia*  
 4 *imposed because of its participation in the February 24, 2022,*  
 5 *invasion of Ukraine.*

6 SEC. 4. *Article 14 (commencing with Section 10495) is added*  
 7 *to Chapter 2 of Part 2 of Division 2 of the Public Contract Code,*  
 8 *to read:*

9  
 10 *Article 14. Russia Contracting Act*

11  
 12 *10495. As used in this article, the following definitions apply:*

13 (a) *“Government of Russia” means the government of Russia*  
 14 *or its instrumentalities or political subdivisions.*

15 (b) *“Russia” means the Russian Federation.*

16 (c) *“Scrutinized company” means a company that conducts*  
 17 *business with the government of Russia.*

18 (d) *“State agency” means any agency, board, or commission*  
 19 *of state government, and includes the California State University*  
 20 *and the California Community Colleges.*

21 *10495.1. (a) A scrutinized company is ineligible to, and shall*  
 22 *not, bid on or submit a proposal for a contract with a state agency*  
 23 *for goods or services.*

24 (b) *Notwithstanding subdivision (a), the Director of General*  
 25 *Services may authorize a scrutinized company, on a case-by-case*  
 26 *basis, to bid on or submit a proposal for a contract with a state*  
 27 *agency for goods or services, if it is in the best interests of the state*  
 28 *to permit the scrutinized company to bid on or submit a proposal*  
 29 *for one or more contracts with a state agency for goods or services.*

30 *10495.2. (a) A state agency shall require a company that*  
 31 *submits a bid or proposal with respect to a contract for goods or*  
 32 *services, that currently or within the previous three years has had*  
 33 *business activities or other operations outside of the United States,*  
 34 *to certify that the company is not a scrutinized company.*

35 (b) *A state agency shall not require a company that submits a*  
 36 *bid or proposal with respect to a contract for goods or services,*  
 37 *and that currently or within the previous three years has had*  
 38 *business activities or other operations outside of the United States,*  
 39 *to certify that the company is not a scrutinized company, if the*  
 40 *company has obtained permission to bid on or submit a proposal*

1 *for a contract with a state agency for goods or services pursuant*  
2 *to subdivision (b) of Section 10495.1.*

3 *10495.3. (a) If the Department of General Services determines*  
4 *that a company has submitted a false certification under Section*  
5 *10495.2, the company shall be subject to all of the following:*

6 *(1) The company is liable for a civil penalty in an amount that*  
7 *is equal to the greater of two hundred fifty thousand dollars*  
8 *(\$250,000) or twice the amount of the contract for which a bid or*  
9 *proposal was submitted.*

10 *(2) The state agency or the Department of General Services*  
11 *may terminate the contract with the company.*

12 *(3) The company is ineligible to, and shall not, bid on a state*  
13 *contract for a period of not less than three years from the date the*  
14 *state agency determines that the company submitted the false*  
15 *certification.*

16 *(b) The Department of General Services shall report to the*  
17 *Attorney General the name of the company that the Department*  
18 *of General Services determined had submitted a false certification*  
19 *under Section 10495.2, together with its information as to the false*  
20 *certification, and the Attorney General shall determine whether*  
21 *to bring a civil action against the company. The company shall*  
22 *pay all costs and fees the plaintiff incurred in a civil action,*  
23 *including costs incurred by the state agency and the Department*  
24 *of General Services for investigations that led to the finding of the*  
25 *false certification and all costs and fees incurred by the Attorney*  
26 *General.*

27 *10495.4. This article shall remain in effect only until one of*  
28 *the following occurs, and as of the date of that action, is repealed:*

29 *(a) Russia halts the invasion and occupation of Ukraine as*  
30 *determined by the U.S. Department of State.*

31 *(b) The United States revokes all sanctions against Russia*  
32 *imposed because of its participation in the February 24, 2022,*  
33 *invasion of Ukraine.*

34 *SEC. 5. If the Commission on State Mandates determines that*  
35 *this act contains costs mandated by the state, reimbursement to*  
36 *local agencies and school districts for those costs shall be made*  
37 *pursuant to Part 7 (commencing with Section 17500) of Division*  
38 *4 of Title 2 of the Government Code.*

39 *SEC. 6. This act is an urgency statute necessary for the*  
40 *immediate preservation of the public peace, health, or safety within*

1 *the meaning of Article IV of the California Constitution and shall*  
2 *go into immediate effect. The facts constituting the necessity are:*

3 *(a) On February 24, 2022, the President of Russia, Vladimir*  
4 *Vladimirovich Putin, initiated an unprovoked war against the*  
5 *sovereign and independent nation of Ukraine in violation of*  
6 *international law. At his direction, Russian military forces have*  
7 *inflicted death and destruction on the territory of Ukraine, killing*  
8 *its men, women, and children in their homes, their places of work,*  
9 *their places of worship, and anywhere they seek shelter. Through*  
10 *his irrational actions President Putin has caused hundreds of*  
11 *thousands of Ukrainians and nationals from all over the world to*  
12 *flee Ukraine and seek refuge in neighboring countries, disrupting*  
13 *the safety, livelihood, and economic activity of millions of innocent*  
14 *people. President Putin and members of his clique of oligarchs*  
15 *benefit enormously from economic activity with western economies,*  
16 *including with trade and economic investment from California,*  
17 *which facilitates Russian military and political aggression against*  
18 *Ukraine and against the world's free and democratic nations. The*  
19 *government of Belarus facilitated Russia's attack on Ukraine by*  
20 *allowing Russian military units to launch an attack from Belarus*  
21 *against Ukraine's capital Kyiv and by preparing to join in the*  
22 *military attack against Ukraine.*

23 *(b) The purpose of California's public pension funds, investment*  
24 *of state funds by state agencies, and contracts between the state*  
25 *and companies for goods and services is to promote the peace,*  
26 *health, and safety of the people of California. Those goals are*  
27 *threatened when an authoritarian government can, with impunity,*  
28 *eliminate another sovereign nation and make extreme threats to*  
29 *the international political and economic order.*

30 *(c) In order to defend the democratic values of the people of*  
31 *California and ensure their security, and to stand with the*  
32 *President of Ukraine, Volodymyr Oleksandrovyh Zelenskyy , the*  
33 *people of Ukraine, and all people who support liberal democracy,*  
34 *peace, and freedom, it is necessary to cut all economic investment*  
35 *in Russia and Belarus as quickly as possible, and it is therefore*  
36 *necessary for this act to take effect immediately.*

37 ~~SECTION 1. It is the intent of the Legislature to enact~~  
38 ~~subsequent legislation relating to agriculture.~~

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