

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1260 Session of
2024

INTRODUCED BY SANTARSIERO, PHILLIPS-HILL, PENNYCUICK,
LANGERHOLC, J. WARD, BAKER, ARGALL, BOSCOLA, MARTIN, FLYNN,
ROTHMAN AND DUSH, JUNE 18, 2024

REFERRED TO STATE GOVERNMENT, JUNE 18, 2024

AN ACT

1 Prohibiting the State Treasurer, the State Employees' Retirement
2 System, the Public School Employees' Retirement System and
3 the Pennsylvania Municipal Retirement System from boycotting
4 or divesting from Israel; and prohibiting funding to an
5 institution of higher education that engages in a boycott
6 against or divestment from Israel.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Stand with
11 Israel Act.

12 Section 2. Findings.

13 The General Assembly finds as follows:

14 (1) Israel is America's dependable, democratic ally in
15 the Middle East, an area of paramount strategic importance to
16 the United States.

17 (2) It is in the interest of the United States and the
18 Commonwealth to stand with Israel by promoting trade and
19 commercial financial activities with Israel and its citizens

and by discouraging policies that contravene that interest.

Section 3. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Alternative investments." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund.

"Boycott against or divestment from Israel." Actions that are intended to financially penalize the government of Israel or commercial financial activity in Israel.

"Business activities." Owning or controlling property or assets located in, having employees or facilities located in, providing goods or services to, having distribution agreements with, issuing credit or loans to, purchasing bonds or commercial paper issued by, investing in or having equity ties to or with Israel or any company or person domiciled in Israel.

"Commercial financial activity in Israel." Any company having financial business activities in Israel.

"Company." Any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity or business association that exists for the purpose of making profit.

"Direct holdings." All securities of a company or the government of Israel that are held directly by the public fund.

"Government of Israel." The government of Israel and its political subdivisions and the instrumentalities and companies owned or controlled by the government of Israel or its political subdivisions.

1 "Indirect holdings." All securities held in an account or
2 fund such as a mutual fund managed by one or more persons not
3 employed by a public fund, in which the public fund owns shares
4 or interests together with other investors.

5 "Institution of higher education." Includes any of the
6 following:

7 (1) A community college operating under Article XIX-A of
8 the act of March 10, 1949 (P.L.30, No.14), known as the
9 Public School Code of 1949.

10 (2) A university within the State System of Higher
11 Education.

12 (3) The Pennsylvania State University.

13 (4) The University of Pittsburgh.

14 (5) Temple University.

15 (6) Lincoln University.

16 (7) Any other institution that is designated as State-
17 related by the Commonwealth.

18 (8) Any accredited private or independent college or
19 university.

20 (9) Any private licensed school as defined in the act of
21 December 15, 1986 (P.L.1585, No.174), known as the Private
22 Licensed Schools Act.

23 "Israel." The State of Israel.

24 "Public fund." Any of the following:

25 (1) The State Employees' Retirement Fund established
26 under 71 Pa.C.S. Pt. XXV (relating to retirement for State
27 employees and officers).

28 (2) The Public School Employees' Retirement Fund
29 established under 24 Pa.C.S. Pt. IV (relating to retirement
30 for school employees).

1 (3) The Pennsylvania Municipal Retirement Fund.

2 (4) Any Commonwealth fund of which the State Treasurer
3 is the custodian.

4 Section 4. Prohibition for a public fund.

5 Notwithstanding any other provision of law, a public fund may
6 not engage in a boycott against or divestment from Israel
7 through direct holdings, indirect holdings or alternative
8 investments of commercial financial activity in Israel or the
9 government of Israel.

10 Section 5. Prohibition for institutions of higher education.

11 Notwithstanding any other provision of law, the Commonwealth
12 may not provide any funding of any kind directly to an
13 institution of higher education that engages in a boycott or
14 divestment from Israel.

15 Section 6. Fiduciary or prudent investing responsibilities.

16 A public fund's or institution of higher education's
17 compliance with this act shall be made in accordance with:

18 (1) Any applicable fiduciary or prudent investing
19 responsibilities as found under:

20 (i) Section 110 of the act of February 1, 1974
21 (P.L.34, No.15), known as the Pennsylvania Municipal
22 Retirement Law.

23 (ii) 20 Pa.C.S. § 7302 (relating to authorized
24 investments; in general).

25 (iii) 24 Pa.C.S. § 8521 (relating to management of
26 fund and accounts).

27 (iv) 71 Pa.C.S. § 5931 (relating to management of
28 fund and accounts).

29 (2) Any obligations with respect to choice of asset
30 managers, investment funds or investments for the public

fund's or institution of higher education's securities
portfolios.

Section 7. Nonapplicability.

(a) State Employees' Defined Contribution Plan and
Commonwealth's Deferred Compensation Plan.--The provisions and
restrictions of this act shall not apply to:

(1) The State Employees' Defined Contribution Plan
established under 71 Pa.C.S. Ch. 58 (relating to State
Employees' Defined Contribution Plan).

(2) The Commonwealth's Deferred Compensation Plan
established under section VIII.2 of the act of March 30, 1811
(P.L.145, No.99), referred to as the Settlement of Public
Accounts Act.

(3) The individual investment accounts or the funds and
investments of the participants of the plans.

(b) School Employees' Defined Contribution Plan.--The
provisions and restrictions of this act shall not apply to:

(1) The School Employees' Defined Contribution Plan
established under 24 Pa.C.S. Ch. 84 (relating to School
Employees' Defined Contribution Plan).

(2) The individual investment accounts or the funds and
investments of the participants of the plan.

Section 8. Severability.

If any provision of this act or its application to any person
or circumstances is held invalid, the invalidity shall not
affect other provisions or applications of this act that can be
given effect without the invalid provision or application.

Section 9. Effective date.

This act shall take effect immediately.