

**HB474 INTRODUCED**



1      HB474  
2      5VJVL6M-1  
3      By Representatives Butler, Harrison  
4      RFD: Financial Services  
5      First Read: 17-Feb-26



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4     SYNOPSIS:

5                 Under existing law, the Board of Control of the  
6     Retirement Systems of Alabama is authorized to act as  
7     trustee of several funds and is granted full power to  
8     invest and reinvest funds.

9                 This bill would enforce the prohibition placed  
10    on investment activities by certain Presidential  
11    Executive Orders addressing an identified national  
12    emergency regarding the threat from securities  
13    investments that finance Communist Chinese military  
14    companies.

15                 This bill would also prohibit the purchase or  
16    sale of any publicly traded securities to or from  
17    certain entities affiliated with Communist Chinese  
18    military companies or any publicly traded securities  
19    that are derivative of such securities or are designed  
20    to provide investment exposure to such securities.

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23                     A BILL  
24                     TO BE ENTITLED  
25                     AN ACT

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27                 Relating to public investments; to add Section  
28    16-25-20.1, to the Code of Alabama 1975, to prohibit the Board



29 of Control of the Teachers' Retirement System of Alabama from  
30 making certain investments; and to add Section 36-27-25.1 to  
31 the Code of Alabama 1975, to prohibit the Board of Control for  
32 the Employees' Retirement System of Alabama from making  
33 certain investments.

34 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

35         Section 1. Sections 16-25-20.1 and 36-27-25.1 are added  
36 to the Code of Alabama 1975, to read as follows:

37             §16-25-20.1

38             (a) As used in this section, the following terms have  
39 the following meanings:

40             (1) INVESTMENT ACTIVITIES. The act of investing or the  
41 lending of assets of the Teachers' Retirement System of  
42 Alabama.

43             (2) RESTRICTED ENTITY. All of the following:

44                 a. A Chinese entity that is:

45                     1. Designated by Presidential Executive Order 13959,  
46 relating to addressing the threat from securities investments  
47 that finance communist Chinese military companies;

48                     2. Designated by presidential Executive Order 14105 (88  
49 Fed. Reg. 54867), relating to addressing United States  
50 investments in certain national security technologies and  
51 products in countries of concern; and

52                     3. Included in the List of Specially Designated  
53 Nationals and Blocked Persons maintained by the U.S.  
54 Department of the Treasury, Office of Foreign Assets Control.

55                 b. A Chinese entity that is:

56                     1. Included on the Non-SDN Chinese Military-Industrial



57 Complex Companies List (NS-CMIC List) maintained by the U.S.  
58 Department of the Treasury, Office of Foreign Assets Control  
59 under Presidential Executive Order 14032;

60 2. A Chinese military company or a military-civil  
61 fusion contributor and included on the list maintained by the  
62 Department of Defense in accordance with Section 1260H(b) of  
63 the National Defense Authorization Act for fiscal year 2021;

64 3. Included on the list required under Section 1237 of  
65 the National Defense Authorization Act for fiscal year 1999;

66 4. Included on the Entity List in 15 C.F.R. Supplement  
67 No. 4 to Part 744 of the federal government's Export  
68 Administration regulations;

69 5. Included on the Denied Persons List described in 15  
70 C.F.R. § 764.3(a)(2) of the federal government's Export  
71 Administration regulations;

72 6. Included on the Unverified List set forth in 15  
73 C.F.R. Supplement No.6 to Part 744 of the Export  
74 Administration regulations;

75 7. Included on the Military End User List set forth in  
76 15 C.F.R. Supplement No.7 to Part 744 of the Export  
77 Administration regulations;

78 8. Produces or provides communications equipment or  
79 service on the list published by the Federal Communications  
80 Commission under 47 U.S.C. § 1601(a) of the Secure and Trusted  
81 Communications Networks Act of 2019;

82 9. Included on the Uyghur Forced Labor Prevention Act  
83 entity list maintained by the Department of Homeland Security;

84 10. Included on the Withhold Release Orders and



85 Findings List maintained by the Commissioner of U.S. Customs  
86 and Border Protection pursuant to the Uyghur Forced Labor  
87 Prevention Act 88 Fed. Reg. 85899;

88 11. Included on the list of covered issuers, as defined  
89 in Section 104 of the Sarbanes Oxley Act of 2002 15 U.S.C. §  
90 7214, maintained by the Securities and Exchange Commission;  
91 and

92 12. Otherwise included on any other list maintained by  
93 the United States Government that designates a Chinese entity  
94 for a restriction relating to investment, contracting, or  
95 procurement.

96 c. A Chinese entity otherwise subject to the control of  
97 a Chinese entity listed in paragraph a. or b.

98 d. Any agency or instrumentality of the People's  
99 Republic of China.

100 (b) The State Auditor or his or her designee, no later  
101 than January 1, 2027, shall create a list of restricted  
102 entities and shall update the list every six months  
103 thereafter. The retirement system shall not engage in  
104 investment activities with a listed restricted entity.

105 (c) Upon publication of the restricted entity list, the  
106 Board of Control shall identify any holdings of the retirement  
107 system in a restricted entity and, acting as a prudent  
108 investor, shall expeditiously divest from any holdings or  
109 other investment activity in that restricted entity.

110 §36-27-25.1

111 (a) As used in this section, the following terms have  
112 the following meanings:



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113 (1) INVESTMENT ACTIVITIES. The act of investing or the  
114 lending of assets of the retirement system.

115 (2) RESTRICTED ENTITY. All of the following:

116 a. A Chinese entity that is:

117 1. Designated by Presidential Executive Order 13959,  
118 relating to addressing the threat from securities investments  
119 that finance communist Chinese military companies;

120                   2. Designated by Presidential Executive Order 14105 (88  
121        Fed. Reg. 54867), relating to addressing United States  
122        investments in certain national security technologies and  
123        products in countries of concern; and

124                   3. Included in the List of Specially Designated  
125                   Nationals and Blocked Persons maintained by the U.S.  
126                   Department of the Treasury, Office of Foreign Assets Control.

127 b. A Chinese entity that is:

128                   1. Included on the Non-SDN Chinese Military-Industrial  
129                   Complex Companies List (NS-CMIC List) maintained by the U.S.  
130                   Department of the Treasury, Office of Foreign Assets Control  
131                   under Presidential Executive Order 14032;

132                   2. A Chinese military company or a military-civil  
133                   fusion contributor and included on the list maintained by the  
134                   Department of Defense in accordance with Section 1260H(b) of  
135                   the National Defense Authorization Act for fiscal year 2021;

136                   3. Included on the list required under Section 1237 of  
137                   the National Defense Authorization Act for fiscal year 1999;

138                   4. Included on the Entity List in 15 C.F.R. Supplement  
139                   No. 4 to Part 744 of the federal government's Export  
140                   Administration regulations;



141           5. Included on the Denied Persons List described in 15  
142       C.F.R. § 764.3(a)(2) of the federal government's Export  
143       Administration regulations;

144           6. Included on the Unverified List set forth in 15  
145       C.F.R. Supplement No.6 to Part 744 of the Export  
146       Administration regulations;

147           7. Included on the Military End User List set forth in  
148       15 C.F.R. Supplement No.7 to Part 744 of the Export  
149       Administration regulations;

150           8. Produces or provides communications equipment or  
151       service on the list published by the Federal Communications  
152       Commission under 47 U.S.C. § 1601(a) of the Secure and Trusted  
153       Communications Networks Act of 2019;

154           9. Included on the Uyghur Forced Labor Prevention Act  
155       entity list maintained by the Department of Homeland Security;

156           10. Included on the Withhold Release Orders and  
157       Findings List maintained by the Commissioner of U.S. Customs  
158       and Border Protection pursuant to the Uyghur Forced Labor  
159       Prevention Act 88 Fed. Reg. 855899;

160           11. Included on the list of covered issuers, as defined  
161       in Section 104 of the Sarbanes Oxley Act of 2002, 15 U.S.C. §  
162       7214, maintained by the Securities and Exchange Commission;  
163       and

164           12. Otherwise included on any other list maintained by  
165       the United States Government that designates a Chinese entity  
166       for a restriction relating to investment, contracting, or  
167       procurement.

168           c. A Chinese entity otherwise subject to the control of



169 a Chinese entity listed in paragraph b.

170 d. Any agency or instrumentality of the People's  
171 Republic of China.

172 (b) The State Auditor or his or her designee, no later  
173 than January 1, 2027, shall create a list of restricted  
174 entities and shall update the list every six months  
175 thereafter. The retirement system shall not engage in  
176 investment activities with a listed restricted entity.

177 (c) Upon publication of the restricted entity list, the  
178 Board of Control shall identify any holdings of the retirement  
179 system in a restricted entity and, acting as a prudent  
180 investor, shall expeditiously divest from any holdings or  
181 other investment activity in that restricted entity.

182 Section 2. This act shall become effective on October  
183 1, 2026.