

## HB474 INTRODUCED



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



## 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.

23 A BILL

24 TO BE ENTITLED

25 AN ACT

26  
27 Relating to public investments; to add Section  
28 16-25-20.1, to the Code of Alabama 1975, to prohibit the Board



## HB474 INTRODUCED

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

§16-25-20.1

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

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

(2) RESTRICTED ENTITY. All of the following:

a. A Chinese entity that is:

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

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

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

b. A Chinese entity that is:

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



## HB474 INTRODUCED

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

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

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

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

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

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

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

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

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

10. Included on the Withhold Release Orders and



## HB474 INTRODUCED

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

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

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

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

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

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

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

§36-27-25.1

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



## HB474 INTRODUCED

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

(2) RESTRICTED ENTITY. All of the following:

a. A Chinese entity that is:

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

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

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

b. A Chinese entity that is:

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

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

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

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



## HB474 INTRODUCED

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

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

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

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

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

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

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

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

c. A Chinese entity otherwise subject to the control of



## HB474 INTRODUCED

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.