

SENATE CHAMBER
STATE OF OKLAHOMA

DISPOSITION

FLOOR AMENDMENT

No. 1

COMMITTEE AMENDMENT

(Date)

I move to amend Senate Bill No. 714 by substituting the attached floor substitute (Request No. 1887) for the title, enacting clause and entire body of the measure.

Submitted by:

David Rader
Senator Rader

I hereby grant permission for the floor substitute to be adopted.

Grant Green
Senator Green, Chair (required)

Tom Woods
Senator Woods

[Signature]
Senator Kern

Senator McIntosh

Senator Boren

[Signature]
Senator Dossett

[Signature]
Senator Frix

Senator Murdock

David Rader
Senator Rader

[Signature]
Senator Thompson

Senator Jett

Senator Paxton, President Pro Tempore

Senator Daniels, Majority Floor Leader

Note: Energy committee majority requires six (6) members' signatures.

Rader-RD-FS-SB714
3/24/2025 8:44 AM

(Floor Amendments Only)

Date and Time Filed: 3/24/25 2:54pm *DR*

Untimely

Amendment Cycle Extended

Secondary Amendment

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 FLOOR SUBSTITUTE
4 FOR

5 SENATE BILL NO. 714

By: Rader of the Senate

and

Moore of the House

7
8 FLOOR SUBSTITUTE

9 An Act relating to state government; providing
10 legislative intent; amending Sections 2, 3, 4, and 5,
11 Chapter 231, O.S.L. 2022 (74 O.S. Supp. 2024,
12 Sections 12002, 12003, 12004, and 12005), which
13 relate to the Energy Discrimination Elimination Act
14 of 2022; modifying and defining terms; removing
15 restrictions on certain legal proceedings;
16 transferring authority for enforcement of act;
17 modifying process for determination of listed
18 financial companies; requiring reporting; providing
19 exemptions for certain state governmental entities
20 due to fiduciary responsibilities; directing rule
21 promulgation; removing political subdivisions from
22 certain provisions of act; updating statutory
23 language; updating statutory references; repealing
24 Section 6, Chapter 231, O.S.L. 2022 (74 O.S. Supp.
2024, Section 12006), which relates to contracts
entered into with financial companies; providing for
noncodification; providing an effective date; and
declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law not to be
codified in the Oklahoma Statutes reads as follows:

1 The Legislature finds that using state retirement system assets
2 to boycott energy companies or entrusting state retirement system
3 assets to third parties that boycott energy companies is
4 incompatible with Section 12 of Article XXIII of the Oklahoma
5 Constitution, which requires that state retirement system assets be
6 used for the exclusive purpose of benefiting the system and not be
7 used for any other purpose.

8 SECTION 2. AMENDATORY Section 2, Chapter 231, O.S.L.
9 2022 (74 O.S. Supp. 2024, Section 12002), is amended to read as
10 follows:

11 Section 12002. A. As used in the Energy Discrimination
12 Elimination Act of 2022:

13 1. "Attorney General" means the Attorney General or his or her
14 designee;

15 2. "Boycott energy company" means, without an ordinary business
16 purpose, refusing to deal with, terminating business activities
17 with, ~~or otherwise taking any action that is intended to penalize,~~
18 ~~inflict economic harm on, or limit~~ divesting from, limiting
19 commercial relations with, or demonstrating a past history of voting
20 on shareholder proposals to penalize or inflict economic harm on
21 commercial relations with a company because the company:

22 a. engages in the exploration, production, utilization,
23 transportation, sale, or manufacturing of fossil-fuel-
24 based energy and does not commit or pledge to meet

1 environmental standards beyond applicable federal and
2 state law, or

3 b. does business with a company described by subparagraph
4 a of this paragraph;

5 ~~2.~~ 3. "Company" means a for-profit sole proprietorship,
6 organization, association, corporation, partnership, joint venture,
7 limited partnership, limited liability partnership, or limited
8 liability company, including a wholly owned subsidiary, majority-
9 owned subsidiary, parent company, or affiliate of those entities or
10 business associations, that exists to make a profit;

11 ~~3. "Treasurer" means the State Treasurer or their designee;~~

12 4. "Direct holdings" means, with respect to a financial
13 company, all securities of that financial company held directly by a
14 state governmental entity in an account or fund in which a state
15 governmental entity owns all shares or interests;

16 5. "Financial company" means a publicly traded financial
17 services, banking, or investment company;

18 6. "Indirect holdings" means, with respect to a financial
19 company, all securities of that financial company held in an account
20 or fund, such as a mutual fund, managed by one or more persons not
21 employed by a state governmental entity, in which the state
22 governmental entity owns shares or interests together with other
23 investors not subject to the provisions of ~~this act~~ the Energy
24 Discrimination Elimination Act of 2022. The term does not include

1 money invested under a plan described by Section 401(a), 401(k), or
2 457 of the Internal Revenue Code of 1986, as amended;

3 7. "Listed financial company" means a financial company listed
4 by the ~~Treasurer~~ Attorney General; and

5 8. "Ordinary business purpose" means a purpose directly related
6 to financial return or financial risk mitigation. A company may
7 reasonably be determined to have boycotted an energy company without
8 an ordinary business purpose based on its public statements or
9 actions including, but not limited to:

10 a. prospectuses, reports, communications with portfolio
11 companies, or shareholder votes, or

12 b. participation in, affiliation with, or status as a
13 signatory to any coalition, initiative, joint
14 statement of principles, or agreement to act or to
15 endeavor to act in furtherance of environmental,
16 social, political, or ideological interests; and

17 9. "State governmental entity" means all state retirement
18 systems.

19 B. With respect to actions taken in compliance with the Energy
20 Discrimination Elimination Act of 2022, including all good-faith
21 determinations regarding financial companies as required by ~~this act~~
22 the Energy Discrimination Elimination Act of 2022, a state
23 governmental entity and the ~~Treasurer~~ Attorney General are exempt
24 from any conflicting statutory or common law obligations including

1 any obligations with respect to making investments, divesting from
2 any investment, preparing or maintaining any list of financial
3 companies, or choosing asset managers, investment funds, or
4 investments for the state governmental entity's securities
5 portfolios.

6 ~~C. In a cause of action based on an action, inaction, decision,~~
7 ~~divestment, investment, financial company communication, report, or~~
8 ~~other determination made or taken in connection with the Energy~~
9 ~~Discrimination Elimination Act of 2022, the state shall indemnify~~
10 ~~and hold harmless for actual damages, court costs, and attorney fees~~
11 ~~adjudged against, and defend:~~

12 ~~1. An employee, a member of the governing body, or any other~~
13 ~~officer of a state governmental entity;~~

14 ~~2. A contractor of a state governmental entity;~~

15 ~~3. A former employee, a former member of the governing body, or~~
16 ~~any other former officer of a state governmental entity who was an~~
17 ~~employee, member of the governing body, or other officer when the~~
18 ~~act or omission on which the damages are based occurred;~~

19 ~~4. A former contractor of a state governmental entity who was a~~
20 ~~contractor when the act or omission on which the damages are based~~
21 ~~occurred; and~~

22 ~~5. A state governmental entity.~~

23 ~~D. 1. A person, including a member, retiree, or beneficiary of~~
24 ~~a retirement system to which the Energy Discrimination Elimination~~

1 ~~Act of 2022 applies, an association, a research firm, a financial~~
2 ~~company, or any other person shall not sue or pursue a private cause~~
3 ~~of action against the state, a state governmental entity, a current~~
4 ~~or former employee, a member of the governing body, or any other~~
5 ~~officer of a state governmental entity, or a contractor of a state~~
6 ~~governmental entity, for any claim or cause of action, including~~
7 ~~breach of fiduciary duty, or for violation of any constitutional,~~
8 ~~statutory, or regulatory requirement in connection with any action,~~
9 ~~inaction, decision, divestment, investment, financial company~~
10 ~~communication, report, or other determination made or taken in~~
11 ~~connection with this act.~~

12 ~~2. A person who files suit against the state, a state~~
13 ~~governmental entity, an employee, a member of the governing body, or~~
14 ~~any other officer of a state governmental entity, or a contractor of~~
15 ~~a state governmental entity, is liable for paying the costs and~~
16 ~~attorney fees of a person sued in violation of this section.~~

17 ~~3. A state governmental entity shall not be subject to any~~
18 ~~requirement of ~~this act~~ the Energy Discrimination Elimination Act of~~
19 ~~2022 if the state governmental entity determines that such~~
20 ~~requirement would be inconsistent with its fiduciary responsibility~~
21 ~~with respect to the investment of entity assets or other duties~~
22 ~~imposed by law relating to the investment of entity assets. A state~~
23 ~~governmental entity that takes the exemption under this subsection~~
24 ~~shall electronically submit a report to the President Pro Tempore of~~

1 the Senate, the Speaker of the House of Representatives, and the
2 Attorney General.

3 SECTION 3. AMENDATORY Section 3, Chapter 231, O.S.L.
4 2022 (74 O.S. Supp. 2024, Section 12003), is amended to read as
5 follows:

6 Section 12003. A. 1. The ~~Treasurer~~ Attorney General shall
7 prepare and maintain and provide to each state governmental entity a
8 list of financial companies that boycott energy companies. In
9 maintaining the list, the ~~Treasurer may~~ Attorney General shall:

- 10 a. review and rely, as appropriate in the ~~Treasurer's~~
11 Attorney General's judgment, on publicly available
12 information regarding financial companies including
13 information provided by the state, nonprofit
14 organizations, research firms, international
15 organizations, and governmental entities, ~~and~~
- 16 b. verify that the financial companies on the list are
17 publicly traded,
- 18 c. request written verification from a financial company
19 that it does not boycott energy companies and rely, as
20 appropriate in the ~~Treasurer's~~ Attorney General's
21 judgment and without conducting further investigation,
22 research, or inquiry, on a financial company's written
23 response to the request, and

24

1 d. develop and publish criteria for adding or removing a
2 company from the list.

3 2. ~~A~~ The Attorney General, after performing his or her due
4 diligence, may presume that a financial company that fails to
5 provide to the Treasurer a written verification under subparagraph b
6 c of paragraph 1 of this subsection before the sixty-first day after
7 receiving the verification request from the Treasurer is presumed to
8 be is boycotting energy companies.

9 3. The Attorney General shall, as part of the list, provide
10 information to support the determination that a financial company is
11 boycotting energy companies.

12 4. The Attorney General shall notify in writing each financial
13 company that is included on the list, the evidence used to place
14 that company on the list, and the process for being removed from the
15 list.

16 5. ~~The Treasurer~~ Attorney General shall update the list
17 annually ~~or more often as the Treasurer considers necessary, but not~~
18 ~~more often than quarterly, based on information from, among other~~
19 ~~sources, those listed in subparagraph a of paragraph 1 of this~~
20 ~~subsection~~ by completing the verification process outlined in this
21 subsection.

22 4. ~~6.~~ Not later than the thirtieth day after the date the list
23 of financial companies that boycott energy companies is first
24 provided or updated, the ~~Treasurer~~ Attorney General shall file the

1 list with the presiding officer of each house of the Legislature ~~and~~
2 ~~the Attorney General~~ and post the list on a publicly available
3 Internet website.

4 ~~5.~~ 7. The ~~Treasurer~~ Attorney General may retain third-party
5 consultants to assist in the implementation of the provisions of
6 ~~this act~~ the Energy Discrimination Elimination Act of 2022.

7 B. Not later than the thirtieth day after the date a state
8 governmental entity receives the list provided under paragraph 1 of
9 subsection A of this section, the state governmental entity shall
10 notify the ~~Treasurer~~ Attorney General of the listed financial
11 companies in which the state governmental entity owns direct
12 holdings or indirect holdings.

13 C. 1. For each listed financial company identified under
14 paragraph 1 of subsection A of this section, the state governmental
15 entity shall send a written notice:

16 a. informing the financial company of its status as a
17 listed financial company,

18 b. warning the financial company that it may become
19 subject to divestment by state governmental entities
20 after the expiration of the period described by
21 paragraph 2 of this subsection, and

22 c. offering the financial company the opportunity to
23 clarify its activities related to companies described
24 by paragraph 1 of subsection A of this section.

1 2. Not later than the ninetieth day after the date the
2 financial company receives notice under paragraph 1 of this
3 subsection, the financial company shall cease boycotting energy
4 companies to avoid qualifying for divestment by state governmental
5 entities.

6 3. If, during the time provided by paragraph 2 of this
7 subsection, the financial company ceases boycotting energy companies
8 and notifies the Attorney General in writing of the cessation, the
9 ~~Treasurer shall~~ Attorney General may remove the financial company
10 from the list maintained under paragraph 1 of subsection A of this
11 section, and this subsection will no longer apply to the financial
12 company unless it resumes boycotting energy companies. The Attorney
13 General shall notify state governmental entities of the financial
14 company's removal from the list.

15 4. If, after the time provided by paragraph 2 of this
16 subsection expires, the financial company continues to boycott
17 energy companies, the state governmental entity shall sell, redeem,
18 divest, or withdraw all publicly traded securities of the financial
19 company, except securities described by subsection E of this
20 section, according to the schedule provided under subsection D of
21 this section.

22 D. 1. A state governmental entity required to sell, redeem,
23 divest, or withdraw all publicly traded securities of a listed
24 financial company shall comply with the following schedule:

1 a. at least fifty percent (50%) of those assets shall be
2 removed from the state governmental entity's assets
3 under management not later than the one-hundred-
4 eightieth day after the date the financial company
5 receives notice pursuant to paragraph 1 of subsection
6 C of this section unless the state governmental entity
7 determines, based on a good-faith exercise of its
8 fiduciary discretion and subject to subparagraph b of
9 this ~~subsection~~ paragraph, that a later date is more
10 prudent, and

11 b. one hundred percent (100%) of those assets shall be
12 removed from the state governmental entity's assets
13 under management not later than the three-hundred-
14 sixtieth day after the date the financial company
15 receives notice pursuant to paragraph 1 of subsection
16 C of this section.

17 ~~2. If a financial company that ceased boycotting energy~~
18 ~~companies after receiving notice pursuant to paragraph 1 of~~
19 ~~subsection C of this section resumes its boycott, the state~~
20 ~~governmental entity shall send a written notice to the financial~~
21 ~~company informing it that the state governmental entity will sell,~~
22 ~~redeem, divest, or withdraw all publicly traded securities of the~~
23 ~~financial company according to the schedule in paragraph 1 of~~
24 ~~subsection D of this section.~~

1 3. Except as provided by paragraph 1 of this subsection ~~D~~ of
2 ~~this section~~, a state governmental entity may delay the schedule for
3 divestment under ~~that~~ this subsection only to the extent that the
4 state governmental entity determines, in the state governmental
5 entity's good-faith judgment~~7~~ and consistent with the entity's
6 fiduciary duty, that divestment from listed financial companies will
7 likely result in a loss in value or a benchmark deviation described
8 by paragraph 1 of subsection F of this section.

9 4. 3. If a state governmental entity delays the schedule for
10 divestment, the state governmental entity shall submit a report to
11 the ~~Treasurer~~, Attorney General and the presiding officer of each
12 house of the Legislature~~7~~, ~~and the Attorney General~~ stating the
13 reasons and justification for the delay in divestment by the state
14 governmental entity from listed financial companies. The report
15 shall include documentation supporting its determination that the
16 divestment would result in a loss in value or a benchmark deviation
17 described by paragraph 1 of subsection F of this section including
18 objective numerical estimates. The state governmental entity shall
19 update the report ~~every six (6) months~~ to include an update on its
20 delayed divestment as part of the annual report required by Section
21 12004 of this title.

22 E. ~~A state governmental entity is not required to divest from~~
23 ~~any indirect holdings in actively or passively managed investment~~
24 ~~funds or private equity funds.~~ The state governmental entity shall

1 submit letters to the managers of each investment fund containing
2 listed financial companies requesting that they remove those
3 financial companies from the fund or create a similar actively or
4 passively managed fund with indirect holdings devoid of listed
5 financial companies. If a manager creates a similar fund with
6 substantially the same management fees and same level of investment
7 risk and anticipated return, the state governmental entity may
8 replace all applicable investments with investments in the similar
9 fund in a time frame consistent with prudent fiduciary standards but
10 not later than the four-hundred-fiftieth day after the date the fund
11 is created.

12 F. 1. A state governmental entity may cease divesting from one
13 or more listed financial companies only if clear and convincing
14 evidence shows that:

15 a. the state governmental entity has suffered or will
16 suffer a loss in the value of assets under management
17 by the state governmental entity as a result of having
18 to divest from listed financial companies under this
19 subsection, or

20 b. an individual portfolio that uses a benchmark-aware
21 strategy would be subject to an aggregate expected
22 deviation from its benchmark as a result of having to
23 divest from listed financial companies under this
24 subsection.

1 2. A state governmental entity may cease divesting from a
2 listed financial company as provided by this section only to the
3 extent necessary to ensure that the state governmental entity does
4 not suffer a loss in value or deviate from its benchmark as
5 described by paragraph 1 of this subsection.

6 3. Before a state governmental entity may cease divesting from
7 a listed financial company under this section, the state
8 governmental entity shall provide a written report to the ~~Treasurer,~~
9 Attorney General and the presiding officer of each house of the
10 Legislature, ~~and the Attorney General~~ setting forth the reason and
11 justification, ~~supported by clear and convincing evidence,~~ for
12 deciding to cease divestment or to remain invested in a listed
13 financial company. The state governmental entity shall include an
14 update to the report required by this subsection semiannually, as
15 applicable determination made under this subsection as part of the
16 annual report required by Section 12004 of this title.

17 4. This section does not apply to reinvestment in a financial
18 company that is no longer a listed financial company.

19 G. Except as provided in subsection F of this section, a state
20 governmental entity shall not acquire securities of a listed
21 financial company.

22 H. A state governmental entity shall not be subject to any
23 requirement of the Energy Discrimination Elimination Act of 2022 if
24 the state governmental entity determines that such requirement would

1 be inconsistent with its fiduciary responsibility with respect to
2 the investment of entity assets or other duties imposed by law
3 relating to the investment of entity assets.

4 I. The Attorney General shall promulgate rules to implement the
5 provisions of this section, including defining the process and
6 criteria for creating the list required in paragraph 1 of subsection
7 A of this section.

8 SECTION 4. AMENDATORY Section 4, Chapter 231, O.S.L.
9 2022 (74 O.S. Supp. 2024, Section 12004), is amended to read as
10 follows:

11 Section 12004. A. Not later than January 1 of each year, each
12 state governmental entity shall file a publicly available report
13 with the ~~Treasurer,~~ Attorney General and the presiding officer of
14 each house of the Legislature, ~~and the Attorney General~~ that:

15 1. Identifies securities sold, redeemed, divested, or withdrawn
16 in compliance with subsection D of Section ~~3~~ 12003 of this ~~act~~
17 title;

18 2. Identifies prohibited investments under subsection ~~F~~ G of
19 Section ~~3~~ 12003 of this ~~act~~ title; and

20 3. Summarizes any changes made under subsection E of Section ~~3~~
21 12003 of this ~~act~~ title.

22 B. The Attorney General may bring any action necessary to
23 enforce the Energy Discrimination Elimination Act of 2022.

24

1 SECTION 5. AMENDATORY Section 5, Chapter 231, O.S.L.
2 2022 (74 O.S. Supp. 2024, Section 12005), is amended to read as
3 follows:

4 Section 12005. A. As used in this section only of the Energy
5 Discrimination Elimination Act of 2022, "governmental entity" means
6 a state agency ~~or political subdivision of this state.~~

7 B. 1. Except for paragraph 4 of this subsection, this section
8 applies only to a contract that:

9 a. is between a governmental entity and a company with
10 ten or more full-time employees, and

11 b. will pay a company One Hundred Thousand Dollars
12 (\$100,000.00) or more over the term of the contract
13 that is to be paid wholly or partly from public funds
14 of the governmental entity; provided, however, the
15 provisions of this paragraph shall apply separately to
16 all companies in a multiple party contract.

17 2. Except as provided by paragraph 4 of this subsection, a
18 governmental entity shall not enter into a contract with a company
19 for goods or services unless the contract contains a written
20 verification from the company that it:

21 a. does not boycott energy companies, and

22 b. will not boycott energy companies during the term of
23 the contract.
24

1 3. Except as provided by paragraph 4 of this subsection, a
2 governmental entity shall not enter into a contract ~~for goods or~~
3 ~~services~~ with a listed financial company under Section ~~3~~ 12003 of
4 this ~~act~~ title.

5 4. Paragraphs 2 and 3 of this subsection shall not apply to:

6 a. a governmental entity that determines the requirements
7 of paragraphs 2 or 3 of this subsection are
8 inconsistent with the governmental entity's
9 constitutional or statutory duties ~~related to the~~
10 ~~issuance, incurrence, or management of debt~~
11 ~~obligations or the deposit, custody, management,~~
12 ~~borrowing, or investment of funds~~ or its fiduciary
13 responsibility, and

14 b. a contract for which a governmental ~~body~~ entity
15 determines the supplies or services to be provided are
16 not otherwise reasonably available from a company that
17 does not boycott energy companies or from a financial
18 company that is not a listed financial company under
19 Section 3 12003 of this act title, as applicable.

20 C. 1. The provisions of the Energy Discrimination Elimination
21 Act of 2022 shall not apply to any notes or bonds issued by this
22 state, any political subdivision, or any governmental entity used
23 for public financing.

1 2. A financial company's involvement in bond or public
2 financing projects shall be determined by the political subdivision
3 or governmental entity's established processes for such financings.

4 SECTION 6. REPEALER Section 6, Chapter 231, O.S.L. 2022
5 (74 O.S. Supp. 2024, Section 12006), is hereby repealed.

6 SECTION 7. This act shall become effective July 1, 2025.

7 SECTION 8. It being immediately necessary for the preservation
8 of the public peace, health or safety, an emergency is hereby
9 declared to exist, by reason whereof this act shall take effect and
10 be in full force from and after its passage and approval.

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12 60-1-1887 RD 3/24/2025 3:21:26 PM
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