

104TH CONGRESS  
1ST SESSION

# H. R. 1594

To place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 9, 1995

Mr. SAXTON (for himself, Mr. ARMEY, Mr. HASTERT, Mr. ISTOOK, Mrs. KELLY, Mrs. SEASTRAND, Mr. HASTINGS of Washington, Mr. HOKE, Mr. COX of California, Mr. MANZULLO, Mr. EWING, Mr. SANFORD, Mr. LAHOOD, Mrs. MEYERS of Kansas, Mr. STUMP, Mr. SCARBOROUGH, Mr. UPTON, Mr. HEINEMAN, Mr. LARGENT, Mr. SMITH of Texas, Mr. THORNBERRY, Mr. DOOLITTLE, Mr. EHRLICH, Mr. ROHRABACHER, Mr. CUNNINGHAM, Mr. SALMON, Mr. BARTLETT of Maryland, Mr. BOEHNER, Mr. MILLER of Florida, Mrs. CHENOWETH, Mr. HERGER, Mr. BARTON of Texas, Mr. LATHAM, Mr. LIVINGSTON, Mr. GEKAS, Mr. HILLEARY, Mr. TALENT, Mr. WALSH, and Mr. DELAY) introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities

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## A BILL

To place restrictions on the promotion by the Department of Labor and other Federal agencies and instrumentalities of economically targeted investments in connection with employee benefit plans.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SENSE OF THE CONGRESS.**

2 It is the sense of the Congress that economically tar-  
3 geted investments violate sections 403 and 404 of the Em-  
4 ployee Retirement Income Security Act of 1974 (29  
5 U.S.C. 1103 and 1104) because they violate the principle  
6 of undivided loyalty that a fiduciary owes to employee ben-  
7 efit plan participants and beneficiaries and are made with  
8 the intent to benefit persons other than plan participants  
9 and beneficiaries and to serve interests other than those  
10 of plan participants and beneficiaries.

11 **SEC. 2. PROHIBITIONS ON DEPARTMENT OF LABOR RE-**  
12 **GARDING ECONOMICALLY TARGETED IN-**  
13 **VESTMENTS.**

14 (a) IN GENERAL.—With respect to the investment by  
15 employee benefit plans of plan assets (and the interpreta-  
16 tions and decisions by the Department of Labor regarding  
17 investment by such plans of plan assets), the application  
18 of sections 403 and 404 of the Employee Retirement In-  
19 come Security Act of 1974 (29 U.S.C. 1103 and 1104)  
20 shall be determined—

21 (1) without regard to Interpretive Bulletin 94–  
22 1, issued by the Secretary of Labor on June 23,  
23 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–1),  
24 and without regard to any other regulation, interpre-  
25 tive bulletin, advisory opinion, information letter, or  
26 other determination reaching the same result as, or

1 a result similar to, the result set forth in such Inter-  
2 pretive Bulletin, and

3 (2) with full regard to sections 403 and 404 of  
4 such Act.

5 (b) RESTRICTIONS ON ACTIVITIES OF THE DEPART-  
6 MENT OF LABOR.—No officer or employee of the Depart-  
7 ment of Labor may travel, lecture, or otherwise expend  
8 resources available to such Department for the purpose  
9 of promoting, directly or indirectly, economically targeted  
10 investments.

11 (c) DEFINITIONS.—For purposes of this section—

12 (1) ECONOMICALLY TARGETED INVESTMENT.—  
13 The term “economically targeted investment” has  
14 the meaning given such term in Interpretive Bulletin  
15 94-1, as issued by the Secretary of Labor on June  
16 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R. 2509.94–  
17 1).

18 (2) EMPLOYEE BENEFIT PLAN.—The term  
19 “employee benefit plan” means an employee benefit  
20 plan within the meaning of section 3(3) of the Em-  
21 ployee Retirement Income Security Act of 1974 (29  
22 U.S.C. 1002(3)) which is covered under section 4 of  
23 such Act (29 U.S.C. 1003).

1 **SEC. 3. PROHIBITION ON FEDERAL AGENCIES AGAINST ES-**  
2 **TABLISHING OR MAINTAINING ANY CLEAR-**  
3 **INGHOUSE OR OTHER DATABASE RELATING**  
4 **TO ECONOMICALLY TARGETED INVEST-**  
5 **MENTS.**

6 (a) IN GENERAL.—Part 5 of subtitle B of title I of  
7 the Employee Retirement Income Security Act of 1974  
8 (29 U.S.C. 1131 et seq.) is amended by adding at the end  
9 the following new section:

10 “PROHIBITION ON FEDERAL AGENCIES AGAINST ESTAB-  
11 LISHING OR MAINTAINING ANY CLEARINGHOUSE OR  
12 OTHER DATABASE RELATING TO ECONOMICALLY  
13 TARGETED INVESTMENTS

14 “SEC. 516. (a) IN GENERAL.—No agency or instru-  
15 mentality of the Federal Government may establish or  
16 maintain, or contract with (or otherwise provide assistance  
17 to) any other party to establish or maintain, any clearing-  
18 house, database, or other listing—

19 “(1) for the purpose of making available to em-  
20 ployee benefit plans information on economically tar-  
21 geted investments,

22 “(2) for the purpose of encouraging, or provid-  
23 ing assistance to, employee benefit plans or any  
24 other party related to an employee benefit plan to  
25 undertake or evaluate economically targeted invest-  
26 ments, or

1           “(3) for the purpose of identifying economically  
2           targeted investments with respect to which such  
3           agency or instrumentality will withhold from under-  
4           taking enforcement actions relating to employee ben-  
5           efit plans under any otherwise applicable authority  
6           of such agency or instrumentality.

7           “(b) ECONOMICALLY TARGETED INVESTMENT DE-  
8           FINED.—For purposes of this section, the term ‘economi-  
9           cally targeted investment’ has the meaning given such  
10          term in Interpretive Bulletin 94–1, as issued by the Sec-  
11          retary on June 23, 1994 (59 Fed. Reg. 32606; 29 C.F.R.  
12          2509.94–1).”.

13          (b) CLERICAL AMENDMENT.—The table of contents  
14          in section 2 of such Act is amended by inserting at the  
15          end of the items relating to part 5 of subtitle B of title  
16          I the following new item:

          “Sec. 516. Prohibition on Federal agencies against establishing or maintaining  
  any clearinghouse or other database relating to economically  
  targeted investments.”.

17          **SEC. 4. TERMINATION OF CONTRACTS.**

18          The head of each agency and instrumentality of the  
19          Government of the United States shall immediately take  
20          such actions as are necessary and appropriate to terminate  
21          any contract or other arrangement entered into by such  
22          agency or instrumentality which is in violation of the re-  
23          quirements of the provisions of this Act or the amend-  
24          ments made thereby.

1 **SEC. 5. EFFECTIVE DATE**

2       The preceding provisions of this Act (and the amend-  
3 ments made thereby) shall take effect on the date of the  
4 enactment of this Act.

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