

# IOWA HOUSE FILE 2 THE ANTI-ESG BILL

## SUMMARY

HF 2; “relates to public contracts, public fund investing, and lending practices with certain companies that engage in economic boycotts based on environmental, social, or governance (ESG) criteria.”

It defines “protected company” as those that are lawfully engaged in the following industries: fossil fuel-based energy, timber, mining, agriculture, firearms, firearm parts, firearm accessories, or ammunition. It would (1) prohibit the investment of “public funds” in funds that act based on ESG factors instead of focusing solely on the financial interests of taxpayers; (2) prevent government entities in the state from entering into contracts with companies that engage in economic boycotts against “protected companies;” and (3) require that state banks and state credit unions not take ESG into account when making a loan. This bill

may be enforced by the attorney general.

Two exceptions are included in the bill: (1) The “public fund” provision does not apply if it is determined that no “economically practicable alternative is available.” (2) The contracting provision does not apply if the public entity entering into the contract determines that, “the requirements of this section would otherwise be inconsistent with the public entity’s constitutional or statutory duties or would prevent the public entity from obtaining the supplies or services to be provided in an economically practicable manner.”

## THE PROBLEM



### Banks Attempt to Eliminate Rights of Gun Manufacturers, Owners

Posted by Money and Markets Editorial Team | Jun 25, 2018 | News  
4 minute, 42 second read



Cancel culture is everywhere in 2023, but the firearm industry has been the target of big corporations for nearly a decade. In 2013, the Obama administration implemented an initiative known as Operation Choke Point, under which the Department of Justice actively discouraged banks from doing business with industries like the firearm industry that the Obama administration opposed. This policy was swiftly discontinued by the Trump administration in 2017. Still, powerful corporations have continued to discriminate against the firearm industry, not based on regular business criteria, but based on blatant political bias and a disdain

for the basic freedoms guaranteed by the Second Amendment. According to industry surveys, nearly 75 percent of firearm industry members have been denied services solely because of their affiliation with the firearm industry. While these discriminatory practices often impact manufacturers and sellers of Modern Sporting Rifles (MSRs) – firearms that are often deceptively, and erroneously, deemed so-called “assault rifles” by gun control groups – they are not the only ones impacted. These practices also extend to parts of the firearm industry that sell hunting equipment, teach gun safety courses, and make gun safes.

TRENDING >

State won't do business with Bank of America, Citi over their gun policies

MONEY WATCH

BY KATE GIBSON

AUGUST 17, 2019 / 4:04 PM

Florida pulls \$2B worth of investments from BlackRock over ESG investment after DeSantis resolution

BY CHLOE FOLMAR - 12/02/22 9:45 AM ET

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Greg Abbott, Governor of Texas, speaks during a news conference in Austin, Texas, on May 25, 2022.

Photographer: Eric Thayer/Blomberg

Texas Forces Companies to Be Neutral on Guns, or Lose Business

May 25, 2022, 6:28 PM

Nearly a decade ago, there were widespread corporate boycotts of the state of Israel. 35 states, including Iowa, stood with Israel by passing anti-BDS (boycott, divestment, sanctions) legislation along the same lines as this bill. Today, corporate boycotts against Israel by US-based companies have almost been eradicated. Between 2021 and 2022, over a dozen states considered ESG

legislation similar to HF 2. Texas, Oklahoma, West Virginia, Kentucky, and Tennessee all now have laws to ensure that state contracts or investments do not go to companies that actively work against the values of their states under the guise of ESG. We need more states to stand with them and Iowa has that opportunity with HF 2.

## KEY MESSAGES

- ① This is a free-market approach to push back on radical ESG policies that hurt the Second Amendment rights, energy security, and food security of Iowans.
- ① Iowa has done this before in defense of the state of Israel.
- ① Several state executives have already divested or pulled contracts from companies that discriminate against the firearm industry.
- ① Two states, Wyoming and Georgia, prohibit state financial institutions from discriminating against the firearm industry.
- ① A similar anti-discrimination bill specific to the firearm industry, H.R. 53, was introduced in Congress on 1/9/23 and already has 71 cosponsors (as of 1/12/23).
- ① 5 states have similar anti-ESG laws in the books.
- ① This law would not apply in cases where the public fund or public entity “determines that no economically practicable alternative is available.
- ① Traditional business decisions to not deal with “protected companies” are not violations of this bill. Only decisions to boycott entire industries based on non-financial ESG factors would violate the bill and result in state divestment and/or inability to acquire state contracts.

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