

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

# A Bill

HOUSE BILL 1307

5 By: Representative McAlindon  
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## For An Act To Be Entitled

8  
9 AN ACT TO AMEND THE UNIFORM PRUDENT MANAGEMENT OF  
10 INSTITUTIONAL FUNDS ACT (2006); AND FOR OTHER  
11 PURPOSES.  
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## Subtitle

14  
15 TO AMEND THE UNIFORM PRUDENT MANAGEMENT  
16 OF INSTITUTIONAL FUNDS ACT (2006).  
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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20 SECTION 1. Arkansas Code § 28-69-802 is amended to read as follows:  
21 28-69-802. Definitions.

22 In this subchapter:

23 (1) "Charitable purpose" means the relief of poverty, the  
24 advancement of education or religion, the promotion of health, the promotion  
25 of a governmental purpose, or any other purpose the achievement of which is  
26 beneficial to the community.

27 (2) "Endowment fund" means an institutional fund or part thereof  
28 that, under the terms of a gift instrument, is not wholly expendable by the  
29 institution on a current basis. The term does not include assets that an  
30 institution designates as an endowment fund for its own use.

31 (3) "Gift instrument" means a record or records, including an  
32 institutional solicitation, under which property is granted to, transferred  
33 to, or held by an institution as an institutional fund.

34 (4) "Institution" means:

35 (A) a person, other than an individual, organized and  
36 operated exclusively for charitable purposes;



1 (B) a government or governmental subdivision, agency, or  
2 instrumentality, to the extent that it holds funds exclusively for a  
3 charitable purpose; or

4 (C) a trust that had both charitable and noncharitable  
5 interests, after all noncharitable interests have terminated.

6 (5) "Institutional fund" means a fund held by an institution  
7 exclusively for charitable purposes. The term does not include:

8 (A) program-related assets;

9 (B) a fund held for an institution by a trustee that is  
10 not an institution; or

11 (C) a fund in which a beneficiary that is not an  
12 institution has an interest, other than an interest that could arise upon  
13 violation or failure of the purposes of the fund.

14 (6)(A) "Materially negative financial impact" means a materially  
15 negative financial impact on the institutional fund's total net investment  
16 performance, considering all financial returns received by the fund and all  
17 costs paid by the fund.

18 (B) "Materially negative financial impact" does not  
19 include the government institution's administrative costs that are not paid  
20 by the fund.

21 ~~(6)(7)~~ "Person" means an individual, corporation, business  
22 trust, estate, trust, partnership, limited liability company, association,  
23 joint venture, public corporation, government or governmental subdivision,  
24 agency, or instrumentality, or any other legal or commercial entity.

25 ~~(7)(8)~~ "Program-related asset" means an asset held by an  
26 institution primarily to accomplish a charitable purpose of the institution  
27 and not primarily for investment.

28 ~~(8)(9)~~ "Record" means information that is inscribed on a  
29 tangible medium or that is stored in an electronic or other medium and is  
30 retrievable in perceivable form.

31 (10) "Service provider" means a person, including without  
32 limitation an affiliate, offering or providing financial services to the  
33 institutional fund, including without limitation:

34 (A) an investment manager, investment company, securities  
35 broker or dealer, investment advisor, or subadvisor; or

36 (B) a proxy advisor, including any person who provides

1 corporate governance ratings, proxy research and analyses, proxy voting  
2 advice, or other similar services, for compensation and for the purpose of  
3 advising a shareholder on how to vote on measures under consideration by  
4 shareholders or proxy voting on behalf of a shareholder.

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6 SECTION 2. Arkansas Code § 28-69-803, concerning the standard of  
7 conduct in managing and investing in an institutional fund, is amended to add  
8 additional subsections to read as follows:

9 (f) Except as provided under subsection (h) of this section, in  
10 managing and investing an institutional fund, an institution under § 28-69-  
11 802(4)(B), including without limitation a two-year or four-year state  
12 supported institution of higher education, shall not:

13 (1) Consider any of the goals under subdivisions (f)(2)(A)  
14 through (f)(2)(F) of this section, except as required to comply with  
15 subdivision (f)(2) of this section, regarding:

16 (A) A possible investment by the institutional fund;

17 (B) The selection of a service provider; or

18 (C) The voting of shares by the institutional fund; or

19 (2) Select any service provider that has a purpose or ambition  
20 for the service provider's customers, investment portfolio, or any portfolio  
21 company, or has joined or participates in any initiative or organization that  
22 has a purpose or ambition for its signatories' or members' customers,  
23 investment portfolios, or portfolio companies, to be aligned with any of the  
24 following goals beyond what is required by controlling law:

25 (A) Directly or indirectly eliminating, reducing,  
26 offsetting, or disclosing a reduction target for greenhouse gas emissions,  
27 including without limitation by restricting the exploration, production,  
28 utilization, transportation, sale, or manufacturing of timber, mining,  
29 agriculture, or fossil-fuel-based energy;

30 (B) Instituting a corporate board or employment  
31 composition target or criterion that incorporate a characteristic protected  
32 in this state under the Arkansas Civil Rights Act of 1993, § 16-123-101 et  
33 seq.;

34 (C) Providing access to or facilitating an abortion,  
35 gender-reassignment, or sex-reassignment medication or procedure;

36 (D) Restricting public access to a firearm, ammunition, or

1 a component part or accessory of a firearm, including without limitation by  
2 restricting the distribution, sale, manufacturing, importing, marketing, or  
3 advertising of a firearm, ammunition, or a component part or accessory of a  
4 firearm;

5 (E) Reducing the amount of business conducted with any  
6 entity for the purpose of advancing any of the goals under this subdivision  
7 (f)(2); or

8 (F) Advancing the purposes of any international agreement  
9 related to any of the goals under this subdivision (f)(2).

10 (g) Subdivision (f)(2) of this section shall not apply if the  
11 institution under § 28-69-802(4)(B) determines that subdivision (f)(2) of  
12 this section would require the selection of a service provider that would  
13 have a materially negative financial impact on the institutional fund,  
14 provided that the institution under § 28-69-802(4)(B):

15 (1) Contracts with a service provider that most closely meets  
16 the requirements of subdivision (f)(2) of this section and would not have a  
17 materially negative financial impact on the institutional fund;

18 (2) Documents the determination of the institution under § 28-  
19 69-802(4)(B), along with documenting evidence supporting its determination  
20 through a description of the services of at least three (3) alternative  
21 service providers that were consulted and including without limitation a  
22 description of:

23 (A) Fees;

24 (B) Historical investment performance; and

25 (C) Evidence of compliance with subdivision (f)(2) of this  
26 section;

27 (3) Includes the documentation and evidence required by  
28 subdivision (g)(2) of this section in the government institution's minutes or  
29 other publicly available medium;

30 (4) Publicly posts notice seeking a service provider that would  
31 comply with subdivision (f)(2) of this section at the following times:

32 (A) No later than sixty (60) days after the selection of a  
33 service provider that does not meet the requirements of subdivision (f)(2) of  
34 this section;

35 (B) No later than sixty (60) days before the beginning of  
36 any following procurement period under which that service provider could be

1 replaced; and

2 (C) As part of any following procurement announcement  
3 under which that service provider could be replaced; and

4 (5) Limits the contract duration to no more than one (1) year  
5 and reevaluates its determination at least annually under subdivisions (g)(1)  
6 through (4) of this subdivision (g).

7 (h) The requirements under subsection (f) of this section shall not  
8 apply to the investment and management of special gifts for which the intent  
9 of a donor was:

10 (1) Contrary to subsection (f) of this section; and

11 (2) Expressed in the gift instruction before January 1, 2024.

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