

STATE OF MAINE

—
IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY-ONE

—
H.P. 65 - L.D. 99

An Act To Require the State To Divest Itself of Assets Invested in the Fossil Fuel Industry

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §135, as amended by PL 2005, c. 386, Pt. CC, §2 and PL 2013, c. 16, §10, is further amended by adding at the end a new paragraph to read:

The Treasurer of State may not invest in any prime commercial paper or corporate bonds issued by a fossil fuel company, as defined in section 1957, subsection 1, paragraph C.

Sec. 2. 5 MRSA §138, as amended by PL 2001, c. 44, §11 and affected by §14, is further amended by adding at the end a new paragraph to read:

The Treasurer of State shall review the extent to which the assets of any permanent funds held in trust by the State are invested in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company, as defined in section 1957, subsection 1, paragraph C. The Treasurer of State shall, in accordance with sound investment criteria and consistent with fiduciary obligations, divest any such holdings and may not invest any assets in any such stocks, securities or other obligations. Divestment pursuant to this paragraph must be complete by January 1, 2026. Nothing in this paragraph precludes de minimis exposure of any permanent funds held in trust by the State to the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company.

Sec. 3. 5 MRSA §1957 is enacted to read:

§1957. Limitation on investment in fossil fuel companies; divestment

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Board" means the Board of Trustees of the Maine Public Employees Retirement System.

B. "Fossil fuel" means coal, petroleum, natural gas or any derivative of coal, petroleum or natural gas that is used for fuel.

C. "Fossil fuel company" means any company that:

(1) Is among the 200 publicly traded companies with the largest fossil fuel reserves in the world;

(2) Is among the 30 largest public company owners in the world of coal-fired power plants;

(3) Has as its core business the construction or operation of fossil fuel infrastructure;

(4) Has as its core business the exploration, extraction, refining, processing or distribution of fossil fuels; or

(5) Receives more than 50% of its gross revenue from companies that meet the definition under subparagraph (1), (2), (3) or (4).

D. "Fossil fuel infrastructure" means oil or gas wells, oil or gas pipelines and refineries; oil, coal or gas-fired power plants; oil and gas storage tanks; fossil fuel export terminals; and any other infrastructure used exclusively for fossil fuels.

2. Limitation on investment in fossil fuel company. The board, in accordance with sound investment criteria and consistent with fiduciary obligations, may not invest the assets of any state pension or annuity fund in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company. Nothing in this subsection precludes de minimis exposure of any funds held by the board to the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company.

3. Review and divestment of assets. The board shall review the extent to which the assets of any state pension or annuity fund are invested in the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company. The board shall, in accordance with sound investment criteria and consistent with fiduciary obligations, divest any such holdings. Divestment pursuant to this subsection must be complete by January 1, 2026. Nothing in this subsection precludes de minimis exposure of any funds held by the board to the stocks, securities or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company.

4. Post on website. On a quarterly basis, the board shall post on the publicly accessible website of the Maine Public Employees Retirement System information detailing all its holdings in the public market and private equity investments.

5. Annual report. Beginning January 1, 2022 and annually thereafter, the board shall issue a report reviewing its environmental, social and governance investment policy. The report must disclose commonly available environmental performance metrics on the environmental effects of the board's investments.

Sec. 4. Report to Legislature. The Treasurer of State and the Board of Trustees of the Maine Public Employees Retirement System shall report annually to the joint standing committee of the Legislature having jurisdiction over retirement matters by January 1, 2023, 2024 and 2025 regarding the progress of divestment under and the implementation of the Maine Revised Statutes, Title 5, sections 138 and 1957. The Treasurer of State and the Board of Trustees of the Maine Public Employees Retirement

System shall make a final report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs by January 1, 2026 regarding completion of the divestment pursuant to this section.