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Date: (Filing No. H-)

LABOR AND HOUSING

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
130TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 65, L.D. 99, “An Act To Require the State To Divest Itself of Assets Invested in the Fossil Fuel Industry”

Amend the bill by striking out everything after the enacting clause and inserting the following:

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.

COMMITTEE AMENDMENT

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

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

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

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

8 (3) Owns any fossil fuel infrastructure;

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

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

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

16 **2. Limitation on investment in fossil fuel company.** The board may not invest the
17 assets of any state pension or annuity fund in the stocks, securities or other obligations of
18 any fossil fuel company or any subsidiary, affiliate or parent of any fossil fuel company
19 unless required by fiduciary obligation and no equivalent investments are available.
20 Nothing in this subsection precludes de minimis exposure of any funds held by the board
21 to the stocks, securities or other obligations of any fossil fuel company or any subsidiary,
22 affiliate or parent of any fossil fuel company.

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

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

35 **5. Annual report.** Beginning January 1, 2022 and annually thereafter, the board shall
36 issue a report reviewing its environmental, social and governance investment policy. The
37 report must disclose environmental performance metrics used to evaluate the investment
38 policy, including, but not limited to:

39 A. Greenhouse gas emissions;

40 B. Climate change risk exposure;

41 C. Investment risk related to carbon pricing; and

42 D. Any other environmental performance metrics available.

1 The board may contract for consulting services to evaluate the environmental performance
 2 metrics under this subsection relating to the carbon emissions and environmental effects of
 3 its investment portfolio.

4 **Sec. 4. Report to Legislature.** The Treasurer of State and the Board of Trustees
 5 of the Maine Public Employees Retirement System shall report annually to the joint
 6 standing committee of the Legislature having jurisdiction over appropriations and financial
 7 affairs by January 1, 2023, 2024 and 2025 regarding the progress of divestment under and
 8 the implementation of the Maine Revised Statutes, Title 5, sections 138 and 1957. The
 9 Treasurer of State and the Board of Trustees of the Maine Public Employees Retirement
 10 System shall make a final report to the joint standing committee of the Legislature having
 11 jurisdiction over appropriations and financial affairs by January 1, 2026 regarding
 12 completion of the divestment pursuant to this section.

13 **Sec. 5. Appropriations and allocations.** The following appropriations and
 14 allocations are made.

15 **RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES**

16 **Retirement System - Investment Review N366**

17 Initiative: Provides ongoing funds for the administrative costs to identify the extent to
 18 which the assets of any state pension or annuity fund are invested in the stocks, securities
 19 or other obligations of any fossil fuel company or any subsidiary, affiliate or parent of any
 20 fossil fuel company and to collect the data required to meet the annual reporting
 21 requirement.

22 GENERAL FUND	2021-22	2022-23
23 All Other	\$300,000	\$300,000
24		
25 GENERAL FUND TOTAL	<u>\$300,000</u>	<u>\$300,000</u>

26
 27 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
 28 number to read consecutively.

29 **SUMMARY**

30 This amendment, which is a minority report of the committee, replaces the bill. The
 31 amendment adds definitions. It creates a fiduciary duty exception and allows for de
 32 minimis exposure policies for both the Treasurer of State and the Board of Trustees of the
 33 Maine Public Employees Retirement System. It requires the board to post on the Maine
 34 Public Employees Retirement System's publicly accessible website information detailing
 35 its investments. It also requires the board to disclose commonly available environmental
 36 performance metrics in its annual environmental, social and governance report. It requires
 37 the Treasurer of State and the board to annually report to the legislative committee of
 38 jurisdiction regarding the progress of divestment. The amendment also adds an
 39 appropriations and allocations section.

40 **FISCAL NOTE REQUIRED**

41 (See attached)