



HOUSE OF REPRESENTATIVES

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Senator Bailey, Representative Gramlich, and esteemed members of the Health Coverage, Insurance, & Financial Services Committee, thank you for the opportunity to present LD 880, An Act Regarding Nondiscrimination in Financial Services.

Environmental, Social, & Governance (ESG) is a comprehensive framework that includes the key elements or pillars for environmental, social impact and governance reporting. Many companies have ESG disclosures and there are a growing number of ESG rating agencies that assign ESG scores. By restricting access to capital, certain behaviors are incentivized to improve their score and thereby gain access previously denied. In all instances, ESG is about influencing changes in society. Harvard Law School Forum on Corporate Governance states that, "ESG at its core, is a means by which companies can be evaluated with respect to a broad range of socially desired ends."

The Federal Reserve has an ESG program up and running. ESG has changed how capital allocation decisions are made by many of the largest financial services firms and assets managers in the world. Bank of America, Wells Fargo, Citi, Goldman Sachs, Morgan Stanley, JPMorgan, and MasterCard have all committed to ESG scoring. These are larger companies that are deciding their lending practices using ESG scoring similar to the Chinese credit scoring system. In China, their score decides if you, as a "good enough" citizen, have access to "your" own money, what stores you may enter and whether you can take public transportation. I wish I were jesting, but I am not. The control goes even further. This information is readily available. China brags about it and states that other countries could use their system to have greater control over their people. What could this look like for the average Maine citizen if this ESG philosophy trickles down. Environmental- does your home have a woodstove or a heat pump? Social- what are your political leanings on social media? Governance- is your mom and pop business diverse enough? What if an electric car is out of your budget range?

Some financial institutions have already started to give ESG scores to individual retirement accounts. As banking becomes more centralized, could this happen to personal banking accounts? What would happen if banks used this metric on individuals and not just businesses. What if your bank did not base your worthiness on financial concerns, but ideological considerations to deny you access to their services. Mind you, I am not speaking of illegal or illicit situations. I am speaking of your political leanings, your thoughts on the environment, or what your beliefs are surrounding gun ownership. What

if lending is decided by ESG scoring? Does this concern you? The prospect disturbs me. Most people are required to have their paychecks direct-deposited. Could a person be denied access? Is there a way to protect Maine banking consumers? This bill responds to that question. I will not say that I have the perfect answer, but I will ask the question and seek a solution.

I fully understand that bankers, bank employees, or lobbyists paid by bankers have a different view. It is their job to make money and protect the banking industry, not individual Mainers. Banking is a business. I do not fault anyone for doing their job and doing it well. I am a state representative. While I represent all of my constituents, bankers included, I see my role in this situation as being the lobbyist for my individual constituents. They cannot afford to pay lobbyists as industries do, yet many of them have asked me to represent them in regards to their concerns about ESG scoring within the banking system. Their concerns are legitimate. Our federal government regulating agencies are all in when it comes to ESG. The banking behemoths are not concerned with the priorities of individual Mainers as they yield all of our power to international banking agency diktats. I ask this committee to consider in what ways we can protect our constituents from being denied access to financial stability based on external, non-financial factors. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Tracy L. Quint".

Tracy L. Quint
State Representative