

HB 4115 -3 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/4, 2/10, 2/25

WHAT THE MEASURE DOES:

Directs Oregon Investment Council to publish annually complete list of assets held in investment funds. Directs council and State Treasurer to publish information relating to assessments of climate-related financial risk to assets held in investment funds. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Transparency of public fund investment and the benefits of public disclosure.
- investment in fossil fuel industry and other GHG causing industries.
- investments of PERS and SAIF funds and rate of return.
- private investment funds constituting 25% of investment.
- Investment strategy by financial management firms and obligations to maintain confidentiality.
- benefits of transparency with allowance for exemptions.
- size of the different funds invested by the treasurer and issues that might arise.
- Discloser issues and exemptions as specified in Oregon law.

EFFECT OF AMENDMENT:

- 3 Replaces the bill and changes Section 2 and section 3.
- Section 2, requires the State Treasurer to make publicly available a complete list of publicly traded investments held in investment funds (as specified in ORS 293.701) by the end of each year.
 - Section 3, requires the State Treasurer, on or before 12-31-2022, to prepare and make publicly available a report on climate related financial risks to assets held in the investment funds. However, Subsection(2) allows the exemptions from disclosure under ORS 192.355. Subsection(3) defines the "Climate-related financial risk" to investment funds.

BACKGROUND:

Oregon Investment Council (OIC). Oregon Revised Statute (ORS) 293.706 establishes the OIC, which consists of five voting members, four of whom are subject to Senate confirmation (the Treasurer serves by position, and is not subject to confirmation). The members appointed by the Governor must be qualified by training and experience in the field of investment or finance. In addition, the Director of the Public Employees Retirement System is an ex-officio member of the OIC. Council members are fiduciaries. The State Treasurer is a voting member of the OIC per ORS 293.706(4). The Director of the Public Employees Retirement System is an ex-officio member of the OIC with no voting power, per ORS 293.706(5). The council meets eight times annually. All of the meetings are open to the public.

The Oregon Investment Council (OIC) oversees the investment and allocation of all State of Oregon trust funds, including the Oregon Public Employees Retirement Fund, the Common School Fund, and the State Accident Insurance Fund. ORS 293.721 and 293.726 establish the following investment objective and standard of judgment and care for the OIC: moneys in the investment funds shall be invested and reinvested to achieve the investment objective of the investment funds, which is to make the moneys as productive as possible, subject to the prudent investor standard.

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The council oversees the investments in 26 state funds defined in **ORS 293.701**, and delegates day to day fund management to the state treasurer and other professional firms. for example: the Local Government Investment Pool (LGIP) or pool, and The Oregon Short Term Fund, known as the OSTF. The Oregon State Treasury works to keep taxpayer dollars safe and to help governments of all sizes to stretch public funds between the time that revenue is received and when the money is needed to pay expenses, governments can deposit money and earn a rate of return by accessing the Treasury-managed Oregon Short Term Fund (OSTF)). The OSTF is made up of money from state agencies, certain public universities, and local governments.

In 2020 funds managed totaled about \$118 billion. Of that total \$85.4 billion were funds in PERS, \$23.4 in the OSTF, and \$5.2 billion in SAIF.

This bill requires the OIC to disclose the investment funds and to show information on climate risks on these investments. The "-3" amendment makes the disclosure a requirement for the state Treasurer.