

HB 2601 STAFF MEASURE SUMMARY

House Committee On Emergency Management, General Government, and Veterans

Prepared By: Patrick Brennan, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/16, 2/23

WHAT THE MEASURE DOES:

Requires the State Treasurer to exit from certain carbon-intensive investments, subject to fiduciary duties. Requires the State Treasurer to develop a plan to protect state investments from risks related to climate change. Requires State Treasurer to issue periodic reports on progress and plans toward completion of activities related to this Act.

NOTE - measure has a subsequent referral to the Committee on Ways and Means

ISSUES DISCUSSED:

- Global impacts of climate change
- Risk of fossil fuel investments becoming "stranded assets"
- Current Treasury practice regarding fossil fuel investments
- Surveys of current PERS members regarding carbon divestment

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon State Treasury is charged with fiduciary responsibility for managing investments for a number of large funds, including the Public Employees Retirement Fund, the Industrial Accident Fund, the Consumer and Business Services Fund, the Employment Department Special Administrative Fund, the Insurance Fund, the Oregon Student Assistance Fund, the Forest Development Revenue Bond Fund, the State Forestry General Obligation Bond Fund, the Oregon War Veterans' Fund, among others. The Funds are managed primarily to provide growth through investment income, as well as stability through uncertain economic conditions.

House Bill 2601 prohibits the Oregon State Treasury from acquiring carbon-intensive investments or from executing contracts that will result in acquisition of such investments, for any of the investment funds under its purview. The measure also requires that the Oregon State Treasury divest itself from all publicly traded investments in any entity listed on the Carbon Underground 200 List no later than six months following the measure's effective date.