

HB 2200 A STAFF MEASURE SUMMARY

Carrier: Rep. Diehl

**House Committee On Emergency Management, General
Government, and Veterans**

Minority Report

Action Date: 04/08/25

Action: Do pass with different amendments and rescind
subsequent referral to Ways and Means. (Printed A-Eng.)

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Report Signers: Rep. Lewis, Rep. Skarlatos

Prepared By: Beverly Anderson, LPRO Analyst

Meeting Dates: 1/28, 3/13, 4/8

WHAT THE MEASURE DOES:

The measure creates the Public Pension Protection Act and requires the fiduciary to discharge duties related to any public retirement or deferred benefit plan, solely in the pecuniary interest of the participants and benefits for exclusive purposes.

Detailed Summary

- Requires that a fiduciary's evaluation of investments or exercises must take into account only pecuniary factors and not promote nonpecuniary benefits or goals; identifies environmental, social, corporate governance, and other similarity-oriented considerations as pecuniary factors only if the risks and opportunities would be treated as material economic considerations by investment professionals and generally accepted investment theories.
- Requires that weight given to those factors must be based only on an assessment of risk and return; requires the examination of diversification, liquidity, and risk-return in comparison with other investments.
- Requires all shares of a pension plan be voted solely in the pecuniary interest of plan participants.
- Prohibits a fiduciary from adopting a practice of following the recommendations of a proxy advisory firm or service provider unless they provide in writing a commitment to the fiduciary's obligation to act based only on pecuniary factors, unless no economically practicable alternative is available.
- Specifies that benefit plan assets may not be entrusted to a fiduciary under certain conditions unless no economically practicable alternative is available; describes conditions.
- Requires the authority of vote shares held by a pension benefit plan be in the hands of a politically accountable official of the public body responsible for the plan.
- Allows the Attorney General to enforce violations of the Act.

ISSUES DISCUSSED:

- Concerns that a new law is not needed to define the investment responsibilities of the Oregon Investment Council and the State Treasurer.
- Questions about the constitutionality of the measure.
- Concerns about the impacts on climate change on businesses and industries.

EFFECT OF AMENDMENT:

The amendment replaces the measure.

BACKGROUND:

The Oregon State Treasury is charged with fiduciary responsibility for managing investments for several large funds, including the Oregon Public Employee Retirement Funds (OPERF), the Industrial Accident Fund, the Consumer and Business Services Fund, and others. The Oregon Investment Council oversees the investment and allocation of all State of Oregon trust funds. Council members are appointed by the Governor and establish

HB 2200 A STAFF MEASURE SUMMARY

investment policies, asset allocation, risk levels, and targeted returns.

House Bill 4083 (2024) directed the Oregon Investment Council and the State Treasurer to try to ensure that OPERF are not invested in thermal coal companies or any fund containing a thermal coal company.