

A-Engrossed House Bill 2081

Ordered by the House April 29
Including House Amendments dated April 29

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue for Representative Nancy Nathanson)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act requires the OIC and the State Treasurer to take actions to manage climate risks to the PERS fund. (Flesch Readability Score: 76.5).

[Digest: The Act directs the LRO to study the state financial system. (Flesch Readability Score: 72.6).]

[Requires the Legislative Revenue Officer to study the state financial system. Directs the Legislative Revenue Officer to submit findings to the interim committees of the Legislative Assembly related to revenue not later than December 1, 2026.]

Directs the Oregon Investment Council and the State Treasurer to take certain actions to manage the risks of climate change to the Public Employees Retirement Fund.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to state finance; and prescribing an effective date.

Whereas the purpose of the Public Employees Retirement Fund portfolio is to seek strong returns for beneficiaries, as per the fiduciary relationship described in ORS 238.660, 293.721 and 293.726 and in consideration of ORS 192.355 and contractual obligations; and

Whereas the expected global economic shifts due to a rapidly changing climate call for investment solutions that are likely to encourage a transition to a net-zero future; and

Whereas fluctuations in federal policy and market trends can have a long-term impact on an investment strategy to address the financial risks related to a changing climate; and

Whereas the increasing frequency and severity of extreme weather events pose significant risks to infrastructure, operations and supply chains across multiple sectors; and

Whereas the urgency justifies taking every possible action in the fund portfolio to reduce investment risks associated with a rapidly changing climate; now, therefore,

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) **As used in this section:**

(a) **“Just transition” means efforts to ensure that the transition to a low-carbon economy is fair, collaborative and inclusive.**

(b) **“Scope 1 emissions” means emissions from sources that a firm owns or controls directly.**

(c) **“Scope 2 emissions” means emissions from the production of energy used by a firm.**

(2) The Oregon Investment Council and State Treasurer, in the State Treasurer's role as investment officer for the council, shall act reasonably and in a manner consistent with ORS 238.660, 293.721, 293.726 and 192.355 and contractual obligations to:

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) Actively analyze and manage the risks of climate change to the Public Employees
2 Retirement Fund, including reporting on and analyzing the risks of the levels of scope 1 and
3 scope 2 emissions of fossil fuel investments within the fund;

4 (b) Analyze how the integration of climate change analysis will help to achieve overall
5 portfolio return objectives;

6 (c) Pursue the goal of reducing the carbon intensity of the fund through a preference for
7 investments that reduce net greenhouse gas emissions in order to participate in the energy
8 transition; and

9 (d) Provide a report, in collaboration with beneficiaries of the fund, to the Legislative
10 Assembly each biennium about the progress toward an investment program that addresses
11 the impact of climate change factors on the investment portfolio, which may include, without
12 limitation:

13 (A) Reporting on progress toward carbon intensity investment goals as established by the
14 State Treasurer;

15 (B) Reporting on progress toward investing in public equity holdings that incorporate the
16 tenets of a just transition in their overall priorities and portfolio; and

17 (C) Incorporation of pertinent advancements and methodologies in measuring progress
18 towards goals and benchmarks, recognizing that the science and methods of carbon intensity
19 measurement are regularly evolving.

20 (3) The Oregon Investment Council, jointly and individually, the State Treasurer and
21 employees of the office of the State Treasurer shall be indemnified and held harmless by the
22 State of Oregon from all claims and damages incurred pursuant to this section.

23 (4) Nothing in this section requires the Oregon Investment Council or the State Treas-
24 urer to take any action pursuant to this section unless the council or State Treasurer de-
25 termines in good faith that the action is consistent with fiduciary responsibilities as
26 described in ORS 238.660, 293.721 and 293.726.

27 **SECTION 2.** This 2025 Act takes effect on the 91st day after the date on which the 2025
28 regular session of the Eighty-third Legislative Assembly adjourns sine die.