



**OREGON
STATE
TREASURY**

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Oregon Treasurer Elizabeth Steiner's Testimony on HB 2081 House Committee on Revenue

Chair Nathanson and members of the committee,

My name is Elizabeth Steiner, and I have the privilege of serving as Oregon State Treasurer. Thank you for the opportunity to testify on HB 2081 and the -1 amendment.

Earlier this month, our original bill for the concept contained in the -1 amendment had an unfortunate procedural error that prevented it from moving forward after it was worked out of committee, which is why we are pursuing the -1 amendment to HB 2081 as an alternative vehicle. We appreciate the Chair's graciousness in hearing this bill so promptly.

Treasury is tasked with managing the Oregon Public Employee Retirement Fund (OPERF) and has a fiduciary responsibility to maximize the long-term returns of the fund on behalf of beneficiaries.

Let me reinforce why HB 2081 as amended with the -1 amendment is necessary for us to stay true to our mission and our obligations to Oregon's public employees – and the public agencies who make contributions to the state's public employee retirement system.

In addition to protecting beneficiaries, growing OPERF ensures that public services – from schools to public safety to health care – are not unduly burdened by unfunded liabilities in the pension fund since increased contribution rates cut into the budgets that support the vital public services Oregonians depend on.

That's why I am fully committed to Treasury's goal of reducing the risks that carbon intensive investments pose to OPERF. In general, market forces are making carbon intensive investments riskier, and that risk is expected to accelerate as:

- Markets continue to make the shift toward clean energy sources
- Carbon reduction regulations continue to evolve, and
- Investors re-evaluate holdings that could leave them stuck with stranded assets such as coal-fired power plants that no longer have a place in a clean energy economy.



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Throughout the process of moving our original bill, my team and I worked closely with representatives of the major public employee unions, all beneficiaries of PERS, on feedback to amend the measure and get it to where it is now. Additionally, we have had ongoing conversations with advocates on our shared goals and how this bill moves us forward.

The -1 amendment to HB 2081 requires biennial reports from Treasury to the legislature, reaffirms our fiduciary commitment to beneficiaries and OPERF, and asks us to actively analyze and manage the risks of climate change to the Public Employees Retirement Fund. This legislation will allow us to proactively partner with the legislature during the implementation of a plan to fully integrate climate-associated risk assessment into our investment due diligence process. This plan will allow us to better meet our fiduciary responsibility to our beneficiaries.

HB 2081 as amended meets the urgency of the moment to protect the OPERF portfolio from the financial risks associated with climate change while charting a prudent path that prioritizes the health of the fund. It gives Treasury flexibility to pursue investment opportunities that foster a just transition to a cleaner energy economy without compromising our ability to achieve healthy returns.

Thank you again for the opportunity to speak with you today. I urge you to support HB 2081 and the -1 amendment, and am happy to take any questions you may have.