



**OREGON
STATE
TREASURY**

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Oregon Treasurer Elizabeth Steiner's Testimony on HB 2081A Senate Committee on Finance and Revenue

Chair Meek 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 2081A this morning.

Treasury's important job is to manage the Oregon Public Employee Retirement Fund (OPERF). In that role, Treasury has a fiduciary responsibility to protect beneficiaries by maximizing the long-term returns of the portfolio and ensuring that public services – from schools to public safety to health care – are not compromised by unfunded liabilities in the pension fund and increased contribution rates that could cut into the budgets that support the vital public services Oregonians depend on.

HB 2081A 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 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.

In other words, all these factors are likely to diminish the value of carbon intensive holdings over time, while opportunities will continue to grow in holdings that reduce or offset carbon emissions. To protect employee pensions, we want to stay actively responsive to those market shifts. That's why I am fully committed to Treasury's goal of reducing the risks that carbon intensive investments pose to OPERF.

Throughout the process of moving this concept forward, my team and I worked closely with representatives of the major public employee unions, which include 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 how this bill makes progress towards our shared goals.



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HB 2081A 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 integrate climate-associated risk assessment into our investment due diligence process. This plan offers the clarity that will allow us to better meet our fiduciary responsibility to our beneficiaries.

HB 2081A 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 the 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 2081A, and am happy to take any questions you may have.