

**HOUSE . . . . . No. 2269****The Commonwealth of Massachusetts**

PRESENTED BY:

***Marjorie C. Decker***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to public investment in fossil fuels.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>	<i>1/15/2015</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>10/30/2019</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>	<i>10/30/2019</i>
<i>Michael F. Rush</i>	<i>Norfolk and Suffolk</i>	<i>10/30/2019</i>
<i>Carmine L. Gentile</i>	<i>13th Middlesex</i>	<i>10/30/2019</i>
<i>Cory Atkins</i>	<i>14th Middlesex</i>	<i>10/30/2019</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>10/30/2019</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>10/30/2019</i>
<i>Ruth B. Balser</i>	<i>12th Middlesex</i>	<i>10/30/2019</i>
<i>Aaron Vega</i>	<i>5th Hampden</i>	<i>10/30/2019</i>
<i>Ellen Story</i>	<i>3rd Hampshire</i>	<i>10/30/2019</i>
<i>Carolyn C. Dykema</i>	<i>8th Middlesex</i>	<i>10/30/2019</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>	<i>10/30/2019</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>	<i>10/30/2019</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>	<i>10/30/2019</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>	<i>10/30/2019</i>
<i>Lori A. Ehrlich</i>	<i>8th Essex</i>	<i>10/30/2019</i>
<i>John V. Fernandes</i>	<i>10th Worcester</i>	<i>10/30/2019</i>

<i>Timothy J. Toomey, Jr.</i>	<i>26th Middlesex</i>	<i>10/30/2019</i>
<i>Frank I. Smizik</i>	<i>15th Norfolk</i>	<i>10/30/2019</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>	<i>10/30/2019</i>
<i>Peter V. Kocot</i>	<i>1st Hampshire</i>	<i>10/30/2019</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>10/30/2019</i>
<i>Elizabeth A. Malia</i>	<i>11th Suffolk</i>	<i>10/30/2019</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>	<i>10/30/2019</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>	<i>10/30/2019</i>
<i>Gailanne M. Cariddi</i>	<i>1st Berkshire</i>	<i>10/30/2019</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>	<i>10/30/2019</i>
<i>Kay Khan</i>	<i>11th Middlesex</i>	<i>10/30/2019</i>

# HOUSE . . . . . No. 2269

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By Ms. Decker of Cambridge, a petition (accompanied by bill, House, No. 2269) of Marjorie C. Decker and others relative to the divestment of state pension funds from holdings in fossil fuel companies. Public Service.

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## The Commonwealth of Massachusetts

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In the One Hundred and Eighty-Ninth General Court  
(2015-2016)  
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An Act relative to public investment in fossil fuels.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. As used in this act the following words shall, unless the context clearly  
2 requires otherwise, have the following meanings:—

3           “Board”, the pension reserves investment management board established in section 23 of  
4 chapter 32 of the General Laws.

5           “Company”, a sole proprietorship, organization, association, corporation, partnership,  
6 joint venture, limited partnership, limited liability partnership, limited liability company or other  
7 entity or business association, including all wholly-owned subsidiaries, majority-owned  
8 subsidiaries, parent companies or affiliates of such entities or business associations that exist for  
9 profit-making purposes.

10          “Direct holdings”, all securities of a company held directly by the public fund or in an  
11 account or fund in which the public fund owns all shares or interests.

“Fossil Fuel Company”, a company identified by a Global Industry Classification System code in one of the following sectors: (1) coal and consumable fuels; (2) integrated oil and gas; (3) oil and gas exploration and production.

“Indirect holdings”, all securities of a company held in an account or fund, such as a mutual fund, managed by 1 or more persons not employed by the public fund, in which the public fund owns shares or interests together with other investors not subject to this act.

“Public fund”, the Pension Reserves Investment Trust or the Pension Reserves Investment Management Board charged with managing the pooled investment fund consisting of the assets of the State Employees’ and Teachers’ Retirement Systems as well as the assets of local retirement systems under the control of the board.

SECTION 2. Notwithstanding any general or special law to the contrary, within 30 days of the effective date of this act, the public fund shall facilitate the identification of all fossil fuel companies in which the fund owns direct or indirect holdings.

SECTION 3. Notwithstanding any general or special law to the contrary, the public fund shall take the following actions in relation to fossil fuel companies in which the fund owns direct or indirect holdings.

(a) The public fund shall sell, redeem, divest or withdraw all publicly-traded securities of each company identified in section 2 according to the following schedule: (i) at least 20 per cent of such assets shall be removed from the public fund’s assets under management within 1 year of the effective date of this act; (ii) 40 per cent of such assets shall be removed from the public fund’s assets under management within 2 years of the effective date of this act; (iii) 60 per cent of such assets shall be removed from the public fund’s assets under management within 3 years

of the effective date of this act; (iv) 80 per cent of such assets shall be removed from the public fund's assets under management within 4 years of the effective date of this act and (v) 100 per cent of such assets shall be removed from the public fund's assets under management within 5 years of the effective date of this act.

(b) At no time shall the public fund acquire new assets or securities of fossil fuel companies.

(c) Notwithstanding anything in this act to the contrary, subsections (a) and (b) shall not apply to indirect holdings in actively managed investment funds; provided, however, that the public fund shall submit letters to the managers of such investment funds containing fossil fuel companies requesting that they consider removing such companies from the investment fund or create a similar actively managed fund with indirect holdings devoid of such companies. If the manager creates a similar fund, the public fund shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, private equity funds shall be deemed to be actively managed investment funds.

SECTION 4. Notwithstanding any general or special law to the contrary, with respect to actions taken in compliance with this act, the public fund shall be exempt from any conflicting statutory or common law obligations, including any such obligations with respect to choice of asset managers, investment funds or investments for the public fund's securities portfolios and all good faith determinations regarding companies as required by this act.

SECTION 5. Notwithstanding any general or special law to the contrary, the public fund shall be permitted to cease divesting from companies under subsection (a) of section 3, reinvest

in companies from which it divested under said subsection (a) of said section 3 or continue to invest in companies from which it has not yet divested upon clear and convincing evidence showing that the total and aggregate value of all assets under management by, or on behalf of, the public fund becomes: (i) equal to or less than 99.5 per cent; or (ii) 100 per cent less 50 basis points of the net value of all assets under management by, or on behalf of, the public fund in the previous year as a direct result of divestment. Cessation of divestment, reinvestment or any subsequent ongoing investment authorized by this section shall be strictly limited to the minimum steps necessary to avoid the contingency set forth in the preceding sentence.

For any cessation of divestment, and in advance of such cessation, authorized by this subsection, the public fund shall provide a written report to the attorney general, the senate and house committees on ways and means and the joint committee on public service, updated semi-annually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, to reinvest or to remain invested in fossil fuel companies.

SECTION 6. The public fund shall file a copy of the list of fossil fuel companies in which the fund owns direct or indirect interests with the clerks of the senate and the house of representatives and the attorney general within 30 days after the list is created. Annually thereafter, the public fund shall file a report with the clerks of the senate and the house of representatives and the attorney general that includes: (1) all investments sold, redeemed, divested or withdrawn in compliance with subsection (a) of section 3 and (2) all prohibited investments from which the public fund has not yet divested under subsection (a) of said section 3.