

HOUSE No. 4819

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, July 8, 2024.

The committee on Public Service, to whom was referred the petition (accompanied by bill, House, No. 2504) of Mindy Domb and Lindsay N. Sabadosa relative to public pension fund divestment from climate risk investments and negative economic impacts from carbon producing industries, reports recommending that the accompanying bill (House, No. 4819) ought to pass.

For the committee,

KENNETH I. GORDON.

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**In the One Hundred and Ninety-Third General Court
(2023-2024)**

An Act to mandate the review of climate risk in order to protect public pension beneficiaries and taxpayers.

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. Chapter 29 of the General Laws is hereby amended by adding the following
2 section:-

3 Section 72. (a) As used in this section the following words shall, unless the context
4 clearly requires otherwise, have the following meanings:-

5 “Biofuel”, any fuel made from biomass

6 “Board”, the pension reserves investment management board established pursuant to
7 section 23 of chapter 32.

8 “Climate risk investments,” any fossil fuel investments or investment in other industries,
9 including, but not limited to biofuel, that may have a negative impact on the global climate, that
10 scientific evidence has established as contributing to climate change, that conflict with or
11 undermine the commonwealth’s climate goals, and that pose a risk to the portfolio performance
12 for beneficiaries of the public fund.

13 “Committee”, the climate risk investment review committee established pursuant to 14
14 subsection (c).

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

17 “Fossil fuel investments”, any stocks or other securities of a corporation or company
18 within the fossil fuel industry or any subsidiary, affiliate or parent of any corporation or company
19 among the 200 largest publicly traded fossil fuel companies, as established by carbon in the
20 companies’ proven oil, gas and coal reserves. “Indirect holdings”, all securities of a company
21 held in an account or fund, such as a mutual fund, managed by 1 or more persons not employed
22 by the public fund, in which the public fund owns shares or interests together with other
23 investors not subject to this section or section 23C of chapter 32.

24 “Public fund”, the Pension Reserves Investment Trust or the pension reserves investment
25 management board in charge of managing the pooled investment fund consisting of the assets of
26 the state employees’ and teachers’ retirement systems as well as the assets of local retirement
27 systems under the control of the board.

28 (b) This section applies only to direct and indirect holdings by the public fund.

29 (c) There shall be within the office of the treasurer, but not subject to its supervision or
30 control, a Climate Risk Investment Review Committee consisting of the following 12 voting
31 members: the state treasurer or a designee, who shall serve as chair; the secretary of
32 administration and finance or a designee; the comptroller or a designee; the executive director of
33 the public employee retirement administration commission; a member of the pension reserves
34 investment management stewardship and sustainability committee; a member of the

35 Massachusetts state retirement board; one individual appointed by the governor; two individuals
36 appointed by the treasurer; a community representative with climate finance experience;
37 individual appointed by the secretary of energy and environmental affairs who shall be a climate
38 scientist; and the climate chief or a designee. The house and senate chairs and the ranking
39 minority members of the joint committee on financial services and the house and senate chairs
40 and the ranking minority members of the joint committee on telecommunications, utilities and
41 energy shall be nonvoting members of the committee. Each individual appointed by the
42 governor, treasurer and secretary of energy and environmental affairs shall serve terms
43 established by the appointing authority, but not longer than 4 years. Each appointed individual
44 may serve a second or subsequent terms, and each appointed individual may continue to serve
45 after the individual's term expires if desired by the appointing authority.

46 (d) The chair shall call meetings of the committee every 8 weeks; provided, however, that
47 the chair may call meetings of the committee more frequently if the chair determines that more
48 frequent meetings of the committee are necessary to perform its duties or fewer meetings if the
49 chair so determines. The chair shall call the first meeting of the committee within four weeks
50 following the designation of all members of the committee.

51 (e) (1) The committee shall: (i) study and review on a continuing basis any potential
52 financial risk to beneficiaries and taxpayers associated with any climate risk investments in the
53 portfolio. The committee may provide recommendations regarding how to mitigate any such
54 potential risks.

55 (f) Annually, not later than November 1 of each year, the committee shall file a report
56 with the board, the governor and the clerks of the house of representative and the senate detailing

57 the committee's findings and any recommendations as to actions regarding climate risk
58 investments, if any.. The committee's report shall direct the board's actions. The committee shall
59 have the right to change the date of the report based on the need to expedite implementation of
60 the committee's recommendations or the need for any extensions if the chair so determines.

61 (g) The committee shall be subject to sections 18 to 25, inclusive, of chapter 30A and
62 chapter 66. The committee shall provide content and information for a publicly available
63 website, operated and maintained by PRIM, that will describe its membership, activity, and make
64 available all its reports and meeting material no later than 7 days after the meeting of the
65 committee or the filing of a report.