

HOUSE No. 4126

The Commonwealth of Massachusetts

PRESENTED BY:

Erika Uytterhoeven

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 to align public pensions with Massachusetts’ net zero future.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Erika Uytterhoeven</i>	<i>27th Middlesex</i>	<i>1/17/2025</i>

HOUSE No. 4126

By Representative Uyterhoeven of Somerville, a petition (accompanied by bill, House, No. 4126) of Erika Uyterhoeven for legislation to align public pensions with Massachusetts’ net zero future. Public Service.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act to align public pensions with Massachusetts’ net zero future.

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 inserting after
2 section 2JJJJJ the following section:-

3 Section 2KKKKKK. (a) There shall be established and set up on the books of the
4 commonwealth a separate fund known as the Economic and Workforce Transition Fund,
5 hereinafter referred to as the fund. The fund shall: (i) support communities and workers impacted
6 by the retirement of fossil fuel assets; and (ii) finance retraining programs and workforce
7 development for jobs in clean energy and sustainable sectors. The fund shall be administered by
8 the state treasurer.

9 (b) The fund shall be credited with: (i) revenue from appropriations or other money
10 authorized by the general court and specifically designated to be credited to the fund; (ii) interest
11 earned on money in the fund; and (iii) a 1 per cent of the pension reserves investment
12 management board’s returns from climate-aligned investments as determined by the reasonably

13 anticipated cost of such activities. Amounts credited to the fund shall not be subject to further
14 appropriation and any money remaining in the fund at the end of a fiscal year shall not revert to
15 the General Fund.

16 (c) The department shall annually, not later than December 31, report on the activity of
17 the fund to the: (i) chairs of the joint committee on revenue; (ii) chairs of the house and senate
18 committees on ways and means; and (iii) clerks of the house of representatives and senate.

19 SECTION 2. Chapter 32 of the General Laws is hereby amended by inserting after
20 section 23B the following section:-

21 Section 23C. (a) For the purposes of section, the following words shall, unless the context
22 clearly requires otherwise, have the following meanings:

23 “Board”, the pension reserves investment management board.

24 “Changing circumstances”, emerging systemic risks, technological advances, evolving
25 finance methodologies and regulatory changes that require adaptation in fiduciary decision-
26 making.

27 “Climate risk”, material financial risks stemming from the physical impacts of climate
28 change, transition to a low-carbon economy and systemic economic vulnerabilities.

29 “Commission”, the public employee retirement administration commission established
30 under section 49 of chapter 7.

31 “Innovation in fiduciary practice”, a fiduciary duty, including the duty to respond to
32 circumstances then prevailing, and so requires the adoption of forward-looking investment

33 strategies and tools to address systemic risks, foster sustainable returns and align with changing
34 economic and environmental realities.

35 “Intergenerational loyalty”, the fiduciary duty to balance the needs of current and future
36 beneficiaries equally, ensuring long-term sustainability without compromising future financial
37 security.

38 “Net zero”, a state where greenhouse gas emissions are balanced by removals or offsets,
39 consistent with the commonwealth’s climate goals and the Paris Agreement’s 1.5 degrees
40 Celsius target.

41 (b)(1) Fiduciaries managing public pension funds shall: (i) integrate climate risk,
42 systemic economic vulnerabilities and long-term sustainability into investment decisions; (ii) act
43 with intergenerational loyalty, balancing the needs of current and future beneficiaries; and (iii)
44 respond to changing circumstances by adapting investment strategies and exploring innovative
45 approaches.

46 (2) Fiduciaries managing public pension funds shall prioritize investments that: (i) align
47 with the commonwealth’s net zero by 2050 goals; (ii) reduce exposure to stranded assets and
48 transition risks; and (iii) promote climate solutions and sustainable economic development.

49 (c)(1) Fiduciaries managing public pension funds shall: (i) adopt stewardship finance
50 investment tools and strategies that help mitigate systemic risks and foster long-term resilience
51 as appropriate for an investor of like character and aims; and (ii) document efforts to identify and
52 seize opportunities in sustainable and regenerative industries, including diversified sources of
53 investment methodologies including, but not limited to, direct investment, project finance and
54 exchange-traded asset management.

55 (2) Fiduciaries managing public pension funds shall prepare an annual innovation report
56 detailing actions taken to align investments with net zero goals and changing market dynamics.
57 Fiduciaries managing public pension funds shall submit the annual innovation reports, not later
58 than December 1st to the commission, and the reports shall be made publicly available.

59 (d) The commission shall: (i) monitor compliance with this section, including the board's
60 alignment with net zero goals and integration of climate risk, innovation and intergenerational
61 loyalty; (ii) review and approve annual reports from fiduciaries detailing progress on emissions
62 reductions, divestment and reallocation efforts; and (iii) conduct independent audits of pension
63 funds to assess compliance with fiduciary standards.

64 (e) Noncompliance with this section shall be referred to the attorney general, who shall:
65 (i) ensure fiduciary compliance and (ii) pursue legal remedies, including penalties and actions
66 against pension fiduciaries for persistent noncompliance.

67 (f) Beneficiaries to public pension may: (i) file formal complaints with to the commission
68 regarding noncompliance with net zero obligations; and (ii) access public disclosures of public
69 pension fund progress and compliance reports.

70 (g) Public pension funds shall adopt a net zero investment framework that includes: (i)
71 divestment from companies in high-emitting and high-impact sectors that lack credible transition
72 plans; (ii) reallocation of capital toward climate-aligned investments in renewable energy,
73 sustainable infrastructure and green technology; and (iii) interim targets for portfolio
74 emissions reductions by years 2030, 2040 and 2050.

75 (h) Fiduciaries managing public pension funds shall submit annual climate transition plan
76 reports to the commission detailing: (i) progress on divestment and reallocation efforts; (ii)
77 portfolio-wide emissions data, including scope 1, 2 and 3 emissions; and (iii) strategies for
78 engaging portfolio companies to meet net zero goals.

79 (i) Fiduciaries managing public pension funds shall implement the requirements of this
80 section within 12 months of its enactment.

81 (j) The commission shall issue guidance and final rules for compliance within 6 months
82 of the enactment of this section.

83 (k) Programs for innovation in fiduciary practices shall commence within 18 months of
84 the enactment of this section.