

The 194th General Court of the Commonwealth of Massachusetts

2025-2026

Bill Summary

Bill No: H1221

Title: AN ACT TO RELATIVE TO INVESTMENT BY ENTITIES OF THE COMMONWEALTH

Sponsor: Representative Sally Kerans

Committee: Financial Services

Hearing Date: November 18th, 2025

Similar Matters: January 17th, 2026

Prior History: New file

Current Law:

Chapter 32 Section 23. (1)(a) The funds of the state employees' retirement system and the teachers' retirement system and the assets of the Boston retirement system attributable to teachers who are members of that system shall be held in the PRIT Fund. The board of each such system shall annually, on or before December 31, file in the office of the commissioner, on a form prescribed by the commissioner, a sworn statement of the financial condition of the system as of June 30 of the prior fiscal year and of all the financial transactions of the system during the previous year. The commissioner may, for cause shown, extend the time for filing any such statement.

(b) Notwithstanding any general or special law to the contrary, assets of the Boston retirement system attributable to teachers who are members of the system shall be invested in the PRIT Fund, and for purposes of those assets and the payment of benefits to those teachers and their beneficiaries, the Boston retirement system shall be considered a participating system in the PRIT Fund, but the system shall not receive a share of any appropriations made under section 22B or under paragraph (b) of subdivision (8) of section 22, and the board of the system shall not be able to revoke this participation.

(2) *Systems for Counties, Cities and Towns.* — (a) The county, city or town treasurer, the secretary-treasurer of the Massachusetts Department of Transportation, the treasurer of the Massachusetts Bay Transportation Authority, the treasurer of the Massachusetts Housing Finance Agency, the secretary-treasurer of the Massachusetts Port Authority, the treasurer of the Blue Hills Regional Vocational School system, the treasurer of the Greater Lawrence Sanitary District, and the treasurer of the Minuteman Regional Vocational Technical School District shall be the treasurer-custodian of the system established under the provisions of sections one to twenty-eight, inclusive, or under corresponding provisions of earlier laws, in any county, city or town, the Massachusetts Department of Transportation, the Massachusetts Bay Transportation Authority, the Massachusetts Housing Finance Agency, the Massachusetts Port Authority, the Blue Hills Regional Vocational School system, the Greater Lawrence Sanitary District, or the

Minuteman Regional Vocational Technical School District, as the case may be, and shall have the custody of the funds of any such system. Payments from such funds shall be made by him only upon vouchers signed by two persons designated by the board of any such system by a vote a duly attested copy of which, bearing upon its face specimen signatures of such persons, shall be filed with the treasurer-custodian as his authority for making payments upon vouchers so signed. No voucher shall be drawn unless it shall have been previously authorized by vote of the board.

(b) The board of each system shall invest and reinvest the funds of the system in the PRIT Fund under subdivision (8) of section 22, in the PRIT Fund by purchasing shares of the fund, as provided for in the trust agreement adopted by the PRIM board under subdivision (2A), or under the standards in subdivision (3), provided that: (i) no investment of funds shall be made in stocks, securities or other obligations of a company which derives more than 15 per cent of its revenues from the sale of tobacco products; (ii) in investing funds the board shall employ an investment manager or investment managers who shall invest the funds of the system; and (iii) no funds shall be invested directly in mortgages or collateral loans.

(c) No investment of funds shall take place until the board has received from the commission an acknowledgement of receipt of the following: (i) certification that, in making the selection, the board has complied with the process established in section 23B; (ii) a copy of the vendor certification required under section 23B; (iii) copies of disclosure forms submitted by the selected vendor; (iv) a certification that the investment is not a prohibited investment as set forth in regulations of the commission; (v) if the board has retained a consultant, a copy of the consultant reports pertaining to the investment and the selected vendor; and (F) a copy of the board certification required under section 23B.

The commission may withhold the acknowledgement if it determines that it is in the best interest of the retirement system; provided, however, that it must so notify the board within 10 days of receipt of completed documents as required by this section.

(d) Prior to the retention of an investment consultant the board shall have received from the commission an acknowledgement of receipt of the following: (i) certification that, in making the selection, the board has complied with the process established in section 23B; (ii) copy of the vendor certification required under section 23B; (iii) copies of disclosure forms submitted by the selected consultant; and (iv) copy of the board certification required under section 23B.

(c) The board of each such system shall designate one or more banks or trust companies, organized under the laws of the commonwealth or of the United States, in which the treasurer-custodian shall keep on deposit such sums as may be required for current disbursements; provided, that any such sum on deposit in any one bank or trust company shall not exceed ten per cent of the amount of the paid-up capital and surplus thereof. The board shall also designate one or more such banks or trust companies in which the securities of the system shall be kept under the name of the retirement system in one or more safe deposit boxes. The board, subject to rules promulgated by the commission, may deposit such securities in a securities depository registered with the Securities and Exchange Commission of the United States. Such securities may be kept under the joint custody of the treasurer-custodian and a member of the board other than the treasurer-custodian, who shall be designated by the board, or such securities may be kept by a custodian who shall be designated by the board, which custodian shall be a bank or trust

company, organized under the laws of the commonwealth or of the United States. The board may cause any stock, bond or other security, or cash, of any such system to be registered and held, or deposited and held, in the name of one or more nominees appointed by him for the purpose of facilitating security trading, money management and certificate delivery. The board shall designate the members of any such nominee only from among the following individuals: the assistant treasurers of the respective county, city, or town; any employee of a custodian that is authorized pursuant to this paragraph to have custody of securities or cash of a system; and the treasurer-custodian himself. Each individual so designated shall be covered with respect to his service on behalf of any such nominee by a fidelity bond, in such form and amount as the public employee retirement administration commission may determine, which coverage may be by separate bond or by incorporation in a bond otherwise required by section three of chapter thirty-five, section thirty-five of chapter forty-one, section thirty-nine A of chapter forty-one or other applicable law or practice. Such custodian shall collect the interest and dividends on all securities deposited with it, shall collect all called and matured securities deposited with it, and shall deposit the same in a bank or trust company as directed by the board; shall advise the board of all such deposits, of all stock dividends, rights, calls and maturities of all securities deposited with it; shall purchase, sell, deliver, and receive securities on the order of the board; and shall prepare and deliver to the board a list, at such time as the board may require, of all securities held by it with their current market values. Such custodian may make a reasonable charge for such services.

(d) Any person who assists any board or member thereof in the purchase, sale, investment or reinvestment of the funds of any such system, without the written consent of the public employee retirement administration commission after notice in writing by him to such board or member to desist therefrom as provided for in subdivision (4) shall be punished as provided for in section twenty-four.

(e) The board of each such system shall annually, on or before May first, file in the office of the public employee retirement administration commission, on a form prescribed by him, a sworn statement of the financial condition of such system as of December thirty-first of the previous year and of all the financial transactions thereof during the previous year. The commission may for cause shown extend the time for filing any such statement.

(f) The board may employ any qualified bank, trust company, corporation, firm, or person to advise it on the investment of the fund and may pay for such advice.

(g) Clauses (i) to (vii), inclusive, of paragraph (b) shall not apply to the board of any local retirement system which upon application is determined by the commission to have a record of investment management which merits broader investment powers, provided that:—

(i) no funds are to be invested directly in mortgages or in collateral loans;

(ii) subsequent to the date of such determination no new investment of funds shall be made in any bank or financial institution which directly or through any subsidiary has outstanding loans to any individual corporation engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles, or military aircraft for use or development in any activity in South Africa, and no new investment of funds shall be made in the stocks, securities or other obligations of any company so engaged; provided,

however, that if the board elects to invest in banks, financial institutions or any companies doing business in South Africa, excluding the aforementioned, the board shall review the platform of guiding principles defined in subdivision (5) and monies shall be invested as much as reasonably possible in such banks, financial institutions or companies which have adopted said platform of guiding principles so long as such use is consistent with sound investment policy and no new investment of funds shall be made in stocks, securities or other obligations of any company which derives more than 15 per cent of its revenues from the sale of tobacco products;

(iii) subsequent to the date of such determination no new investment of funds shall be made in any bank or financial institution which directly or through any subsidiary has outstanding loans to any individual corporation engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles, or military aircraft for use or development in any activity in Northern Ireland, and no new investment of funds shall be made in the stocks, securities or other obligations of any company so engaged. In making such determination the commission shall consider the diversification of the risk of the investments of such board, the return on the investments of such board, the past performance of the investment portfolio of such board and the extent and quality of professional advice received by such board regarding the investment of funds. Any such board shall invest and reinvest consistent with sound investment policy and the requirements of subdivision (3).

(h) Clauses (i), (ii), and (iii) of paragraph (g) shall apply to any retirement system named in paragraph (a).

(2A) *Pension Reserves Investment Management Board.* — (a) There shall be an unpaid pension reserves investment management board which shall have general supervision of the investment and reinvestment of the PRIT Fund established under the provisions of subdivision (8) of section twenty-two.

Such board shall consist of nine members as follows: the governor, ex officio, or his designee, the state treasurer, ex officio, or his designee, who shall serve as chairman of the board, a private citizen experienced in the field of investment or financial management appointed by the state treasurer, an employee or retiree who is a member of the state teachers retirement system who shall be elected by the members in or retired from such a system for a term of three years in such a manner as the board shall determine, an employee or retiree who is a member of the state employees' retirement system who shall be elected by the members in or retired from such system for a term of three years in such a manner as the board shall determine, the elected member of the state retirement board, one of the elected members of the teachers' retirement board, who shall be chosen by the members of the teachers' retirement board, a person who is not an employee or official of the commonwealth who shall be appointed by the governor, and a representative of a public safety union who shall be appointed by the governor. The appointed members shall serve for four years. Any vacancy among the appointed members that may occur before the expiration of a term shall be filled by an appointment by the treasurer, or the governor, whoever had the right of making the initial appointment. Any appointed member of the board, including members appointed to fill a vacancy shall be eligible for reappointment. Any appointed member may be removed from his appointment for cause by the treasurer or the governor, whoever had the right of making the original appointment.

(b) Five members of the board shall constitute a quorum. The members of the board shall not receive a salary but shall be reimbursed for actual and necessary expenses. The provisions of chapter two hundred and sixty-eight A shall apply to all members of the board; provided, however, that the board may make investments in which a member has an interest or involvement if, however, such interest or involvement is disclosed in advance to the other members of the board and contemporaneously recorded in the minutes of the board; and provided, further, that no member having such an interest or involvement may participate in any particular matter, as defined in section one of chapter two hundred and sixty-eight A, relating to such investment.

(c) The PRIM board may commingle moneys on deposit in the PRIT Fund for purposes of investment; provided, however, that the board shall maintain appropriate records to account for amounts credited to particular accounts or funds. The PRIM board may offer to purchasing systems, and may allocate to the state employees' and teachers' retirement systems, shares in the PRIT Fund which represent undivided interests in specified portions of the assets of the fund rather than undivided interests in the whole.

(d) The PRIM board shall annually on or before May first, file with the clerk of the house of representatives and with the secretary of the retirement board of each system which is a participant in said fund, on a form prescribed by the commission, a sworn statement of the financial condition of said fund as of December thirty-first the previous year. The commission may for cause shown extend the time for filing any such statement.

(e) The PRIM board shall:

(i) act as trustees for each participating retirement system for which it invests or manages monies in accordance with the standard of care set forth in subdivision (3); provided, however, that the duties and obligations of the PRIM board and of participating or purchasing systems shall be set forth in a declaration of trust adopted by the PRIM board; and provided, further, that any declaration of trust and any amendments thereto adopted by said board shall be subject to the approval of the joint committee on public service; and provided, further, that if said committee takes no final action relative thereto within forty-five days of the date of the filing thereof with the clerk of the house of representatives and the senate, such declarations of trust and such amendments thereto shall be deemed to be approved;

(ii) employ an executive director as provided in paragraph (f);

(iii) employ investment advisors, legal counsel, and consultants as it deems necessary;

(iv) establish a formula to measure the value of the shares in said fund purchased by or held by participating retirement systems and other purchasing retirement systems;

(v) determine and allocate annually to participating and other purchasing retirement systems earnings on shares owned by said systems;

(vi) adopt an annual budget and supplemental budgets as deemed necessary by the board subject to the approval of the house and senate committees on ways and means; provided, however, that if the said committees has taken no final action to disapprove any such budget, within sixty days of its being filed with said general court it shall be deemed to be approved; and provided, further,

that if the general court disapproves any such budget within such sixty days, said board shall operate under the annualized budgetary level most recently approved pending the filing and subsequent approval of any other such annual or supplemental request;

(vii) approve or ratify decisions of the executive director;

(viii) formulate policies and procedures deemed necessary and appropriate to carry out its function;

(ix) maintain a record of its proceedings;

(x) undertake any other activities necessary to implement the duties and powers set forth herein.

(xi) File quarterly, on or before March first, June first, September first, and December first of each year, with the house and senate committee on ways and means and with the joint committee on public service a report detailing brokerage transactions, fees paid to investment consultants and managers, master trustee and custody fees, a detailed investment portfolio analysis describing all holdings in the PRIT Fund, and a budget status report detailing expenses by month; provided, however, that said analysis and said reports shall be made available on the first day of each month upon the request of the chairman of any said committees.

(xii) Assess fees to participating and other purchasing retirement systems for the reasonable and necessary expenses incurred by the board in managing the PRIT Fund, which shall be paid by the board from earnings of the PRIT Fund without appropriation and in conformance with the budgetary levels established pursuant to clause (vi).

(xiii) acts as treasurer-custodian of the PRIT Fund and shall have the custody of the funds and securities of said fund.

(xiv) put a mechanism in place to monitor current market conditions to detect and immediately notify the board of potential high-risk corporate investments, so that the board can take action, when possible, to prevent investment losses.

(f) The PRIM board shall select an executive director who shall serve at the pleasure of the board. The provisions of sections nine A, forty-five, forty-six and forty-six C of chapter thirty, chapter thirty-one, and chapter one hundred and fifty E shall not apply to the executive director or any other employees of the board.

(g) The executive director, shall with the approval of the board:

(i) plan, direct, coordinate and execute administrative and investment functions in conformity with the policies and directives of the board;

(ii) employ professional and clerical staff as necessary.

(iii) report to the board on all operations under his control and supervision;

(iv) require state officials from any department or officials from any participating retirement system to produce and provide access to any financial documents the board deems necessary in the conduct of its investment activities;

(v) undertake any other activities necessary to implement the powers and duties set forth herein.

(h) Subject to the approval or ratification of the PRIM board, the executive director shall invest and reinvest such funds held by such board to the extent not required for current disbursements, as much as reasonably possible to benefit and expand the economic climate within the commonwealth so long as such is consistent with sound investment policy and the other requirements of this section; provided, however, that consistent with sound investment policy and in accordance with the procedures and processes employed to oversee the allocation of traditional investment of funds, the director shall whenever reasonably possible ensure that funds are invested in banks or financial institutions which directly or through any subsidiary may make loans to small businesses, as defined in clause (a) of subdivision (7), and that when electing to make such investments the board shall review the guidelines for investing in small businesses contained in said subdivision (7) and monies shall be invested as much as reasonably possible in such banks, financial institutions or companies which provide capital to small businesses under those guidelines so long as such use is consistent with sound investment policy; provided further, that no funds are to be invested directly in mortgages or in collateral loans; provided, further, that no investment of funds shall be made in any bank or financial institution which directly or through any subsidiary has outstanding loans to any individual corporation engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles, or military aircraft for use or development in any activity in South Africa, and no new investment of funds shall be made in the stocks, securities or other obligations of any company so engaged; provided, further, that if the board elects to invest in banks, financial institutions or any companies doing business in South Africa, excluding the aforementioned, the board shall review the platform of guiding principles defined in subdivision (5) and monies shall be invested as much as reasonably possible in such banks, financial institutions or companies which have adopted said platform of guiding principles so long as such use is consistent with sound investment policy; and provided, further, that no funds are to be invested in any bank or financial institution which directly or through any subsidiary has outstanding loans to any individual corporation engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles, or military aircraft for use or deployment in any activity in Northern Ireland, and no assets shall be invested in the stocks, securities or other obligations of any such company so engaged. No public pension funds under this subdivision shall remain invested in the stocks, securities, or other obligations of any company which derives more than 15 per cent of its revenues from the sale of tobacco products; provided, however, that if sound investment policy so requires, the PRIM board may vote to spread the sale of such stocks, securities or other obligations of such company over no more than three years, so that no less than one-third the value of said investment is sold in any one year. So long as any funds remain invested in any stocks, securities, or other obligations of any such company, the PRIM board shall annually, on or before January 31, file with the clerk of the senate and the clerk of the house of representatives a report listing all such related investments held by the fund and their book value as of the preceding December first. The investment and fund management policies adopted by the PRIM board shall not be subject to any rules or regulations promulgated by the public employee retirement administration commission governing the investment of funds by the retirement boards.

(i) at least two members of the PRIT board shall be minority people, as set forth in the definition of "Minority" contained in section forty C of chapter seven of the General Laws, as added by

section seven of chapter five hundred and seventy-nine of the acts of nineteen hundred and eighty.

(j) The PRIM board shall be subject to the provisions of sections thirty-nine A and sections forty (E) to forty (J), inclusive, of chapter seven.

(3) *Fiduciary Standards.* — A fiduciary as defined in section one shall discharge his duties for the exclusive purpose of providing benefits to members and their beneficiaries with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and by diversifying the investments of the system so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so. Each member of a retirement board established under this chapter shall upon the commencement of the member's term file with the commission a statement acknowledging the member is aware of and will comply with the standards set forth in chapter 268A, this chapter and rules and regulations promulgated under this chapter.

(4) *Orders to protect the system.* — If the commission determines after a hearing that the investment or recordkeeping practices of any board are not being conducted with reasonable care, skill, prudence or diligence, he may order such board to take or desist from any action that in his judgment is necessary to preserve the integrity of the system. If the commission has reason to believe that the investment and recordkeeping practices of any board are not being conducted with reasonable care, skill, prudence or diligence, he may issue a temporary order which shall remain in effect until an investigation, hearing and determination can be made. Violation of any such order shall be punished as provided for in section twenty-four.

(5) The platform of guiding principles for investment in South Africa shall mean, without limitation, the following standards of corporate activity:

(a) Worker's rights: companies should uphold worker's rights including the recognition of representative unions and their rights to bargain collectively, to strike, to picket peacefully, the establishment of a policy that strike breakers will not be hired and that investment should enhance employment creation;

(b) Equality of opportunity: companies should eliminate all discrimination on the basis of race, religion, sex, political opinion or physical handicap and implement affirmative action programs;

(c) Environmental protection: investment should incorporate environmentally sound and clean practices and technology;

(d) Training and education: investment should enhance the productive capacities of South Africans, and in particular, institute training and adult education programs for workers in consultation with the trade union movement;

(e) Conditions of work and life: conditions of work and life offered by companies should compare favorably with the best conditions in the relevant sector domestically;

(f) Security of employment: investment should contribute to the security of employment of South Africans;

(g) Empower black business: companies should, where possible, adopt business practices which enhance the development of black business in South Africa.

(6) *Confidentiality of certain records.* Any documentary material or data made or received by a member of the PRIM board which consists of trade secrets or commercial or financial information that relates to the investment of public trust or retirement funds, shall not be disclosed to the public if disclosure is likely to impair the government's ability to obtain such information in the future or is likely to cause substantial harm to the competitive position of the person or entity from whom the information was obtained. The provisions of the open meeting law shall not apply to the PRIM board when it is discussing the information described in this subdivision. This subdivision shall apply to any request for information covered by this subdivision for which no disclosure has been made by the effective date of this subdivision.

(7) The guidelines for investing in small businesses with a principal place of business in the commonwealth shall be:

(a) For the purposes of this section small business shall be a business entity, including its affiliates, that: (i) is independently owned and operated; (ii) has a principal place of business in the commonwealth; and (iii) would be defined as a "small business" under applicable federal law, as established in the United States Code and promulgated from time to time by the United States Small Business Administration.

(b) Investments shall be made by banks or financial institutions with demonstrated experience making capital available to small businesses with good management, which are fast growing and identify the potential to use increased capital to create jobs and which are experiencing difficulty in accessing capital.

(c) Capital shall be provided to small businesses in a variety of financial instruments, including but not limited to: working capital and expansion loans to businesses, both secured and non-secured; provide lines of credit; capital expenditure loans; term loans; project finance loans; grants; loan guarantees; and mezzanine and structured finance loans.

(d) Capital shall not be provided unless financial and managerial advisory services are also provided to the business that is served.

(8)(a) It shall be the policy of the PRIM board to use minority investment managers to manage PRIT Fund assets, encompassing all asset classes, and to increase the racial, ethnic, and gender diversity of PRIT Fund investments to the greatest extent feasible, consistent with sound investment policy. The PRIM board and the executive director shall take affirmative steps to remove any barriers to the full participation of minority investment managers in investment opportunities. Such affirmative steps shall include, but not be limited to, consideration of whether current investment policy discourages the use of minority investment managers through quantitative or qualitative restrictions, including, but not limited to, number of years track record and minimum assets under management.

(b) It shall be the goal of the PRIM board that not less than 20 per cent of investment managers be minorities, females and persons with disabilities. It shall further be the goal of the PRIM board to utilize businesses owned by minorities, females and persons with disabilities for not less than 20 per cent of total contracts awarded pursuant to section 23B.

(c) Annually, not later than January 15 of each year, the PRIM board shall file with the house and senate committee on ways and means and with the joint committee on public service a report detailing its progress toward implementing the policies and goals outlined above. Such report shall include documentation related to all minority investment managers considered for investment, including documentation, where applicable, of the reasons for declining any such investment.

Summary:

This bill restricts Commonwealth entities from making new investments in banks or financial institutions that provide loans to private equity firms or real estate investment trusts (REITs) that own or invest in skilled nursing facilities or hospices. It also mandates that when a skilled nursing facility or assisted living residence changes its name, its safety and disciplinary records must carry over and be publicly disclosed for transparency. Facilities failing to comply with these requirements will face penalties as determined by department regulations.