

1 H.271

2 Introduced by Representatives Pearson of Burlington, Ram of Burlington,
3 Bartholomew of Hartland, Burke of Brattleboro, Christie of
4 Hartford, Clarkson of Woodstock, Evans of Essex, Gallivan of
5 Chittenden, Haas of Rochester, Hooper of Montpelier, Johnson
6 of South Hero, Lanpher of Vergennes, Lenes of Shelburne,
7 Martin of Wolcott, Masland of Thetford, McCormack of
8 Burlington, McCullough of Williston, Mrowicki of Putney,
9 Nuovo of Middlebury, Spengler of Colchester, Webb of
10 Shelburne, Wilson of Manchester, Woodward of Johnson,
11 Yantachka of Charlotte, and Zagar of Barnard

12 Referred to Committee on

13 Date:

14 Subject: Government operations; state employee retirement; state pension
15 funds; divestment from fossil fuel companies

16 Statement of purpose of bill as introduced: This bill proposes to require that
17 the Vermont Pension Investment Committee divest from companies that
18 extract, produce, or refine fossil fuels.

19 An act relating to divesting state retirement funds from companies that
20 extract, produce, or refine fossil fuels

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 3 V.S.A. § 523 is amended to read:

3 § 523. VERMONT PENSION INVESTMENT COMMITTEE; DUTIES

4 (a) The Vermont ~~pension investment committee~~ Pension Investment
5 Committee shall be responsible for the investment of the assets of the ~~state~~
6 ~~teachers' retirement system~~ State Teachers' Retirement System of Vermont,
7 the Vermont ~~state employees' retirement system~~ State Employees' Retirement
8 System, and the Vermont ~~municipal employees' retirement system~~ Municipal
9 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.
10 § 1943, and 24 V.S.A. § 5063. The ~~committee~~ Committee shall strive to
11 maximize total return on investment, within acceptable levels of risk for public
12 retirement systems, in accordance with the standards of care established by the
13 prudent investor rule under 14A V.S.A. § 902. The ~~committee~~ Committee
14 may, in its discretion, subject to approval by the ~~attorney general~~ Attorney
15 General, also enter into agreements with municipalities administering their
16 own retirement systems to invest retirement funds for those municipal pension
17 plans. The ~~state treasurer~~ State Treasurer shall serve as the custodian of the
18 funds of all three retirement systems.

19 (b) Members and alternates of the ~~committee~~ Committee who are not
20 public employees shall be entitled to compensation as set forth in 32 V.S.A.
21 § 1010 and reimbursement for all necessary expenses that they may incur

1 through service on the ~~committee~~ Committee from the funds of the retirement
2 systems. The ~~chair~~ Chair of the ~~committee~~ Committee may be compensated
3 from the funds at a level not to exceed one-third of the salary of the ~~state~~
4 ~~treasurer~~ State Treasurer, as determined by the other members of the
5 ~~committee~~ Committee.

6 (c) The ~~committee~~ Committee shall keep a record of all its proceedings
7 which shall be open for public inspection.

8 (d) The ~~committee~~ Committee shall formulate policies and procedures
9 deemed necessary and appropriate to carry out its functions, including a
10 written statement of the responsibilities of and expectations for the ~~chair~~ Chair
11 of the ~~committee~~ Committee.

12 (e) The ~~attorney general~~ Attorney General shall serve as legal advisor to the
13 ~~committee~~ Committee.

14 (f) Contracts approved by the ~~committee~~ Committee and related documents
15 may be executed by the ~~chair~~ Chair, or in the ~~chair's~~ Chair's absence, the ~~vice~~
16 ~~chair~~ Vice Chair.

17 (g) Notwithstanding any other provision of law to the contrary, changes to
18 the actuarial rate of return shall be made at a joint meeting of the ~~committee~~
19 Committee and the appropriate retirement board. The board and ~~committee~~
20 Committee shall review the recommendations of the actuary and the
21 investment consultant. A change to an actuarial rate of return shall be by joint

1 resolution of the board and ~~committee~~ Committee. Each body shall vote
2 according to its own procedures. In the event that the board and ~~committee~~
3 Committee are unable to agree on an actuarial rate of return, the existing
4 assumed rate of return shall remain in effect.

5 (h) On or before January 1, 2014, the Committee shall have developed a
6 three-year plan to divest the assets of the State Teachers' Retirement System of
7 Vermont, the Vermont State Employees' Retirement System, and the Vermont
8 Municipal Employees' Retirement System of interests in any company which
9 has as a principal business the extraction, production, or manufacture of fossil
10 fuels, and shall not invest in any such company. The plan shall make
11 divestment in any company which has as a principal business the extraction,
12 production, or manufacture of coal or fossil fuels obtained from tar sands a
13 priority. As used in this subsection, "fossil fuels" means an energy source
14 formed in the earth's crust from decayed organic material. The term includes
15 petroleum, coal, natural gas, heating oils, light and heavy diesel oil, motor
16 gasoline, propane, butane, residential fuel oils, kerosene, and aviation fuels.
17 However, the term excludes biodiesel as defined in 10 V.S.A. § 585.

18 Sec. 2. EFFECTIVE DATE

19 This act shall take effect on July 1, 2013.