

1 S.131

2 Introduced by Senators Zuckerman, Lyons, McCormack, and Pollina

3 Referred to Committee on

4 Date:

5 Subject: Government operations; state employee retirement; state pension

6 funds; divestment from fossil fuel companies

7 Statement of purpose of bill as introduced: This bill proposes to require that

8 the Vermont Pension Investment Committee divest from companies that

9 extract, produce, or refine fossil fuels.

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

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

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

14 § 523. VERMONT PENSION INVESTMENT COMMITTEE; DUTIES

15 (a) The Vermont ~~pension investment committee~~ Pension Investment
16 Committee shall be responsible for the investment of the assets of the ~~state~~
17 ~~teachers' retirement system~~ State Teachers' Retirement System of Vermont,
18 the Vermont ~~state employees' retirement system~~ State Employees' Retirement
19 System, and the Vermont ~~municipal employees' retirement system~~ Municipal
20 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.
21 § 1943, and 24 V.S.A. § 5063. The ~~committee~~ Committee shall strive to

1 maximize total return on investment, within acceptable levels of risk for public
2 retirement systems, in accordance with the standards of care established by the
3 prudent investor rule under 14A V.S.A. § 902. The ~~committee~~ Committee
4 may, in its discretion, subject to approval by the ~~attorney general~~ Attorney
5 General, also enter into agreements with municipalities administering their
6 own retirement systems to invest retirement funds for those municipal pension
7 plans. The ~~state treasurer~~ State Treasurer shall serve as the custodian of the
8 funds of all three retirement systems.

9 (b) Members and alternates of the ~~committee~~ Committee who are not
10 public employees shall be entitled to compensation as set forth in 32 V.S.A.
11 § 1010 and reimbursement for all necessary expenses that they may incur
12 through service on the ~~committee~~ Committee from the funds of the retirement
13 systems. The ~~chair~~ Chair of the ~~committee~~ Committee may be compensated
14 from the funds at a level not to exceed one-third of the salary of the ~~state~~
15 ~~treasurer~~ State Treasurer, as determined by the other members of the
16 ~~committee~~ Committee.

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

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

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

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

6 (g) Notwithstanding any other provision of law to the contrary, changes to
7 the actuarial rate of return shall be made at a joint meeting of the ~~committee~~
8 Committee and the appropriate retirement board. The board and ~~committee~~
9 Committee shall review the recommendations of the actuary and the
10 investment consultant. A change to an actuarial rate of return shall be by joint
11 resolution of the board and ~~committee~~ Committee. Each body shall vote
12 according to its own procedures. In the event that the board and ~~committee~~
13 Committee are unable to agree on an actuarial rate of return, the existing
14 assumed rate of return shall remain in effect.

15 (h) On or before January 1, 2014, the Committee shall divest the assets of
16 the State Teachers' Retirement System of Vermont, the Vermont State
17 Employees' Retirement System, and the Vermont Municipal Employees'
18 Retirement System of interests in any company which has as a principal
19 business the extraction, production, or manufacture of fossil fuels, and shall
20 not invest in any such company. As used in this subsection, "fossil fuels"
21 means an energy source formed in the earth's crust from decayed organic
22 material. The term includes petroleum, coal, natural gas, heating oils, light and

1 heavy diesel oil, motor gasoline, propane, butane, residential fuel oils,
2 kerosene, and aviation fuels. However, the term excludes biodiesel as defined
3 in 10 V.S.A. § 585.

4 Sec. 2. EFFECTIVE DATE

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