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S.251

Introduced by Senators Clarkson, Pearson, Pollina and Ram Hinsdale

Referred to Committee on

Date:

Subject: Executive Branch; State Treasurer; Vermont Pension Investment

Committee; investment and oversight of retirement systems' assets;

divestment from fossil fuel reserves

Statement of purpose of bill as introduced: This bill proposes to prohibit the

Vermont Pension Investment Commission from investing in the largest fossil

fuel reserve owners and to divest from the assets of the largest fossil fuel

reserve owners on or before July 1, 2025.

An act relating to divestment of State pension funds from fossil fuel  
companies

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

Sec. 1. 3 V.S.A. § 521 is amended to read:

§ 521. DEFINITIONS

As used in this chapter:

(1) "Commission" means the Vermont Pension Investment Commission.

1           (2) “Financial expert” means an individual with material expertise and  
2           experience in institutional fund management or other significant pension or  
3           other relevant financial expertise.

4           (3) “Independent” means an individual who does not have a direct or  
5           indirect material interest in the Plans.

6           (A) An individual has a direct or indirect material interest in the  
7           Plans if:

8                   (i) the individual or the individual’s spouse is a beneficiary of any  
9                   of the Plans; or

10                   (ii) the individual or the individual’s spouse, parent, child, sibling,  
11                   or in-law is or has been within the past five years an employee, director,  
12                   owner, officer, consultant, or manager or had another material role with an  
13                   entity servicing the Plans.

14           (B) An individual is considered an owner of a publicly traded  
15           company if the individual owns, directly or indirectly, five percent or more of a  
16           class of the company’s equity securities registered under the Securities  
17           Exchange Act of 1934 (15 U.S.C. § 78 et seq.), as amended.

18           (4) “Plans” means the Vermont State Teachers’ Retirement System, the  
19           Vermont State Employees’ Retirement System, and the Vermont Municipal  
20           Employees’ Retirement System pursuant to section 472 of this title, 16 V.S.A.  
21           § 1943, and 24 V.S.A. § 5063.

1           (5) “Fossil fuel” means an energy source formed in the earth’s crust  
2           from decayed organic material. The term includes petroleum, coal, natural gas,  
3           heating oils, light and heavy diesel oil, motor gasoline, propane, butane,  
4           residential fuel oils, kerosene, and aviation fuels. However, the term excludes  
5           biodiesel as defined in 10 V.S.A. § 585.

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

7           § 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

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

1 Postemployment Benefits Trust Fund, established in section 479a of this title,  
2 and the Retired Teachers' Health and Medical Benefits Fund, established in  
3 16 V.S.A. § 1944b.

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5 (i) Notwithstanding any other provision of law to the contrary, the  
6 Commission shall not invest the assets of the Vermont State Teachers'  
7 Retirement System, the Vermont State Employees' Retirement System, and the  
8 Vermont Municipal Employees' Retirement System in the 200 publicly traded  
9 coal and oil and gas companies that hold reported fossil fuel reserves with the  
10 largest potential carbon emissions, as ranked by FFI Solutions.

11 Sec. 3. VERMONT PENSION INVESTMENT COMMITTEE;

12 DIVESTMENT; FOSSIL FUELS

13 Notwithstanding any other provision of law to the contrary, on or before  
14 January 1, 2025, the Committee shall:

15 (1) not make new or additional investments or renew existing  
16 investments in the Vermont State Teachers' Retirement System, the Vermont  
17 State Employees' Retirement System, and the Vermont Municipal Employees'  
18 Retirement System of any interest in the 200 publicly traded coal and oil and  
19 gas companies that hold reported fossil fuel reserves with the largest potential  
20 carbon emissions, as ranked by FFI Solutions; and

1           (2) divest the assets of the Vermont State Teachers' Retirement System,  
2           the Vermont State Employees' Retirement System, and the Vermont Municipal  
3           Employees' Retirement System of any interest in the 200 publicly traded coal  
4           and oil and gas companies that hold reported fossil fuel reserves with the  
5           largest potential carbon emissions, as ranked by FFI Solutions.

6           Sec. 4. EFFECTIVE DATES

7           (a) Secs. 1 and 2 shall take effect on July 1, 2025.

8           (b) Sec. 3 and this section shall take effect on July 1, 2022.