

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

S.42

Introduced by Senators Ram Hinsdale, Clarkson, Hardy, McCormack,  
Perchlik, Vyhovsky, Watson and White

Referred to Committee on

Date:

Subject: State Treasurer; Vermont Pension Investment Commission;

investment and oversight of retirement systems' assets; divestment

Statement of purpose of bill as introduced: This bill proposes to require the Vermont Pension Investment Commission to (1) on or before August 15, 2023, review the assets of the Vermont State Employees' Retirement System, the State Teachers' Retirement System, and the Municipal Employees' Retirement System to determine the extent to which they are invested in the fossil fuel industry, and (2) on or before November 15, 2023, develop and submit to the House Committee on Government Operations and Military Affairs, the Senate Committee on Government Operations, and the Joint Pension Oversight Committee a plan to divest the investments of the Vermont State Employees' Retirement System, the State Teachers' Retirement System, and the Municipal Employees' Retirement System from the fossil fuel industry by December 31, 2030. This bill also prohibits the Commission from investing the assets of the Vermont State Employees' Retirement System, the State Teachers' Retirement

1 System, and the Municipal Employees' Retirement System in the fossil fuel  
2 industry on or after July 1, 2031.

3 An act relating to divestment of State pension funds of investments in the  
4 fossil fuel industry

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

6 Sec. 1. DIVESTMENT OF PUBLIC PENSION FUNDS; FOSSIL FUELS;  
7 VERMONT PENSION INVESTMENT COMMISSION; PLAN AND  
8 REPORT

9 (a) Definitions. As used in this section:

10 (1) "Fossil fuel" means an energy source formed in the earth's crust  
11 from decayed organic material. The term includes petroleum, coal, natural gas,  
12 heating oils, light and heavy diesel oil, motor gasoline, propane, butane,  
13 residential fuel oils, kerosene, and aviation fuels. "Fossil fuel" does not mean  
14 biodiesel as that term is defined in 10 V.S.A. § 585.

15 (2) "Fossil fuel company" means any company that:

16 (A) is among the 200 publicly traded companies with the largest  
17 fossil fuel reserves in the world;

18 (B) is among the 30 largest public company owners in the world of  
19 coal-fired power plants;

1           (C) has as its core business the construction or operation of fossil fuel  
2           infrastructure;

3           (D) has as its core business the exploration, extraction, refining,  
4           processing or distribution of fossil fuels; or

5           (E) receives more than 50 percent of its gross revenue from  
6           companies that meet the definition under subdivision (A), (B), (C) or (D) of  
7           this subdivision (2).

8           (3) “Fossil fuel infrastructure” means oil or gas wells, oil or gas  
9           pipelines and refineries; oil, coal, or gas-fired power plants; oil and gas storage  
10           tanks; fossil fuel export terminals; and any other infrastructure used  
11           exclusively for fossil fuels.

12           (b) Review. On or before August 1, 2023, the Vermont Pension  
13           Investment Commission, in consultation with the Office of the State Treasurer,  
14           shall review the extent to which the assets of the Vermont State Employees’  
15           Retirement System, the State Teachers’ Retirement System, and the Municipal  
16           Employees’ Retirement System are invested in stocks, securities, or other  
17           obligations of any fossil fuel company or any subsidiary, affiliate, or parent of  
18           any fossil fuel company.

19           (c) Plan. The Commission, in accordance with sound investment criteria  
20           and consistent with fiduciary obligations, shall develop a plan to divest any  
21           such holdings identified in the review described in subsection (b) of this

1 section on or before December 31, 2030; provided, however, nothing in the  
2 plan shall preclude de minimis exposure of any funds held by the Commission  
3 to the stocks, securities, or other obligations of any fossil fuel company or any  
4 subsidiary, affiliate, or parent of any fossil fuel company.

5 (d) Report.

6 (1) On or before November 15, 2023, the Commission shall submit a  
7 report on the review and plan described in subsections (b) and (c) of this  
8 section to the House Committee on Government Operations and Military  
9 Affairs and the Senate Committee on Government Operations and to the Joint  
10 Pension Oversight Committee.

11 (2) Beginning on January 15, 2024, and annually thereafter until January  
12 15, 2030, the Commission shall submit a report to the House Committee on  
13 Government Operations and Military Affairs and the Senate Committee on  
14 Government Operations and the Joint Pension Oversight Committee on the  
15 progress of divestment described in this section.

16 (3) On or before January 15, 2031, the Commission shall make a final  
17 report to the House Committee on Government Operations and Military  
18 Affairs and the Senate Committee on Government Operations and the Joint  
19 Pension Oversight Committee regarding completion of divestment described in  
20 this section.

1       Sec. 2. DIVESTMENT PLAN; VERMONT PENSION INVESTMENT  
2                               COMMISSION; APPROPRIATION

3               In FY 2024, the amount of \$100,000.00 in general funds is appropriated to  
4               the Vermont Pension Investment Commission to develop the plan and report  
5               described in Sec. 1 of this act.

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

7       § 521. DEFINITIONS

8               As used in this chapter:

9   \* \* \*

10               (5) “Fossil fuel” means an energy source formed in the earth’s crust  
11               from decayed organic material. The term includes petroleum, coal, natural gas,  
12               heating oils, light and heavy diesel oil, motor gasoline, propane, butane,  
13               residential fuel oils, kerosene, and aviation fuels. “Fossil fuel” does not mean  
14               biodiesel as that term is defined in 10 V.S.A. § 585.

15               (6) “Fossil fuel company” means any company that:

16                       (A) is among the 200 publicly traded companies with the largest fossil  
17               fuel reserves in the world;

18                       (B) is among the 30 largest public company owners in the world of  
19               coal-fired power plants;

20                       (C) has as its core business the construction or operation of fossil fuel  
21               infrastructure;

1           (D) has as its core business the exploration, extraction, refining,  
2           processing, or distribution of fossil fuels; or

3           (E) receives more than 50 percent of its gross revenue from  
4           companies that meet the definition under subdivision (A), (B), (C) or (D) of  
5           this subdivision (6).

6           (7) “Fossil fuel infrastructure” means oil or gas wells, oil or gas  
7           pipelines and refineries; oil, coal, or gas-fired power plants; oil and gas storage  
8           tanks; fossil fuel export terminals; and any other infrastructure used  
9           exclusively for fossil fuels.

10          Sec. 4. 3 V.S.A. § 523 is amended to read:

11          § 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

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

1 own retirement systems to invest retirement funds for those municipal pension  
2 plans. The State Treasurer shall serve as the custodian of the funds of all three  
3 retirement systems. The Commission may, in its discretion, also enter into  
4 agreements with the State Treasurer to invest the State Employees'  
5 Postemployment Benefits Trust Fund, established in section 479a of this title,  
6 and the Retired Teachers' Health and Medical Benefits Fund, established in 16  
7 V.S.A. § 1944b.

8 \* \* \*

9 (i) Notwithstanding any other provision of law to the contrary, the  
10 Commission, in accordance with sound investment criteria and consistent with  
11 fiduciary obligations, shall not invest the assets of the Vermont State Teachers'  
12 Retirement System, the Vermont State Employees' Retirement System, and the  
13 Vermont Municipal Employees' Retirement System in the stocks, securities, or  
14 other obligations of any fossil fuel company or any subsidiary, affiliate, or  
15 parent of any fossil fuel company. Nothing in this subsection precludes de  
16 minimis exposure of any funds held by the Commission to the stocks,  
17 securities, or other obligations of any fossil fuel company or any subsidiary,  
18 affiliate, or parent of any fossil fuel company.

19 Sec. 5. EFFECTIVE DATES

20 (a) Secs. 1, 2, and this section shall take effect on July 1, 2023.

21 (b) Secs. 3 and 4 shall take effect on July 1, 2031.