

HB 1937 -- PUBLIC EMPLOYEE RETIREMENT SYSTEMS

SPONSOR: Owen

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Pensions by a vote of 6 to 3. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 6 to 1 and 1 present.

Currently, an investment fiduciary has to discharge his or her duties relating to the investment, reinvestment, and management of the assets of the system for the participants, based upon certain specified standards. This bill includes additional standards and provides that the investment fiduciary shall not consider environmental, social, or governance characteristics in a manner that overrides his or her fiduciary duties. Further, the investment fiduciary shall not be subject to legislative, regulatory, or other mandates to invest with environmentally, socially, or other noneconomically motivated influence unless they are consistent with the fiduciary's responsibilities, or divest from any direct holdings as specified in the bill.

The bill provides for voting of all shares of common stock solely to further the economic interest of the plan participants and prohibits voting to further noneconomic environmental, social, political, ideological, or other goals. The bill also specifies the methods for voting by proxy.

This bill is similar to HB 769 (2023).

PROPOSERS: Supporters say that this bill provides guardrails that current retirement boards already have in policy. This language will prevent a situation that may not have arisen yet but will address State pension funds and require them to focus on economic interests of the plan members.

Testifying in person for the bill were Representative Owen; Opportunity Solutions Project; Missouri Lagers; Mike Moorefield, PSRS/PEERS; and the Missouri State Employees Retirement System. .

OPPOSERS: Those who oppose the bill say this bill is vague and does not have clearly defined terms. Companies that decide to make a decision based on a long-term vision of environmental impacts are doing so with a long-term outlook for financial benefit. Setting constraints on investments can create a negative impact on a retirement fund.

Testifying in person against the bill were Sierra Club Missouri Chapter; Peter Schneeberger, Sierra Club; and Arnie C. Dienoff.

OTHERS: Others testifying on the bill say the current MoDoT retirement board is consistent with the intent of the bill but currently there is no policy in place exactly as the bill is written.

Testifying in person on the bill was the MoDoT & Patrol Employees Retirement System.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.