

HB 4083 A STAFF MEASURE SUMMARY
Senate Committee On Energy and Environment

Carrier: Sen. Golden

Action Date: 02/27/24
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 3-2-0-0
Yeas: 3 - Golden, Lieber, Sollman
Nays: 2 - Findley, Hayden
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
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Meeting Dates: 2/22, 2/27

WHAT THE MEASURE DOES:

The measure directs the Oregon Investment Council and the State Treasurer to make efforts to eliminate certain investments in thermal coal companies and funds without monetary loss to funds.

Detailed Summary

Directs the Oregon Investment Council (Council) and the State Treasurer (Treasurer) to try to ensure that Oregon Public Employee Retirement Funds (OPERF) are not invested in thermal coal companies or any fund containing a thermal coal company.

- Defines a thermal coal company as a company, or a parent or subsidiary of a company, that derives at least 20 percent of its annual revenue from thermal coal production; accounts for more than one percent of global production of thermal coal; or whose coal reserves contains more than 0.3 gigatons of potential carbon dioxide emissions.
- Allows use of the Urgewald Global Coal Exit List to identify thermal coal companies with these criteria.
- Provides that divestments and reinvestments under this measure must be accomplished without monetary loss to the investment funds.
- Directs the Council and Treasurer to make reasonable efforts to investigate all companies in which the State Treasury has invested, or may invest, OPERF funds to determine whether any of those companies are thermal coal companies.
- Directs the Treasurer to provide notice they will withdraw OPERF funds if it is determined they are investing in a publicly traded thermal coal company, for as long as the company is a thermal coal company.
- Allows the Treasurer to retain an investment in a thermal coal company if they demonstrate they are transitioning to clean energy withing a reasonable timeline. Allows the Council to adopt rules to define a reasonable timeline.
- Requires the Treasurer to monitor thermal coal companies transitioning to clean energy to ensure the company is on track with meeting emissions-reduction targets.
- Allows the Treasurer to consult with managers of public employee pension funds in California and New York regarding thermal coal companies from which they have divested.
- Requires an annual report to the Legislative Assembly on actions taken pursuant to this Act; continues annual reporting requirement until no moneys from OPERF are invested in thermal coal companies.

Applies certain provisions only if the Legislative Assembly appropriates sufficient moneys to the Treasurer to administer those provisions. Disallows OPERF funding to be used to pay for administration costs for certain provisions in the measure.

ISSUES DISCUSSED:

- Legislative history of policies impacting Oregon Public Employee Retirement Funds (OPERF)

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- Fiduciary responsibility of the Oregon State Treasurer and the Oregon Investment Council
- Questions about impacts to OPERF if funds are withdrawn from thermal coal companies
- Divestment would be subject to existing statutes directing reasonable investment strategies

EFFECT OF AMENDMENT:

Replaces definition of "clean energy" with the definition of "nonemitting electricity," which is defined as "electricity, including hydroelectricity, that is generated and may be stored in a manner that does not emit greenhouse gas into the atmosphere" in ORS 469A.400.

BACKGROUND:

The Oregon State Treasury is charged with fiduciary responsibility for managing investments for several large funds, including the Oregon Public Employee Retirement Funds (OPERF), the Industrial Accident Fund, the Consumer and Business Services Fund, and others. The Oregon Investment Council oversees the investment and allocation of all State of Oregon trust funds, including OPERF. Council members are appointed by the Governor and establish investment policies, asset allocation, risk levels, and targeted returns.

Fossil fuel divestment is a strategy to encourage institutions to move their investments out of oil, coal, and natural gas companies and funds. Thermal coal is a grade of coal used in electric power plants to generate steam or create electricity. According to the U.S. Energy Information Administration (EIA), while coal is an abundant fuel source that is relatively inexpensive to produce into energy, coal combustion creates emissions of environmental concern including sulfur dioxide, nitrogen oxide, and carbon dioxide. The EIA estimates that in 2021, carbon dioxide emissions from burning coal for energy accounted for about 20 percent of total U.S. energy-related carbon dioxide emissions and for nearly 60 percent of total carbon dioxide emissions from the electric power sector.