

A-Engrossed
House Bill 4083

Ordered by the Senate February 29
Including Senate Amendments dated February 29

Sponsored by Representatives PHAM K, GAMBA, Senator GOLDEN, Representatives ANDERSEN, DEXTER, NGUYEN H, NOSSE, TRAN, Senators CAMPOS, DEMBROW, GELSER BLOUIN, GORSEK, MANNING JR, STEINER; Representatives BOWMAN, BYNUM, CHAICHI, FAHEY, GRAYBER, HOLVEY, HUDSON, KROPF, LIVELY, MARSH, MCLAIN, NELSON, REYNOLDS, RUIZ, SOSA, VALDERRAMA, WALTERS, Senators JAMA, MEEK, PATTERSON, SOLLMAN (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act tells the State Treasurer to stop investing moneys in companies that deal in thermal coal. (Flesch Readability Score: 65.1).

Directs the Oregon Investment Council and the State Treasurer to make efforts to eliminate certain investments in thermal coal companies. Provides that divestments must be accomplished without monetary loss to the investment funds. Provides that investments may be retained in a thermal coal company that is transitioning to clean energy.

Requires an annual report to the Legislative Assembly on actions taken pursuant to this Act.

A BILL FOR AN ACT

1
2 Relating to the removal of thermal coal from the State Treasury investment portfolio.

3 Whereas in 2016 the Legislative Assembly passed Senate Bill 1547 mandating the elimination
4 of coal as an energy source for the state's major utilities by 2030, while the State Treasury contin-
5 ues to hold and invest in coal assets; and

6 Whereas 200 governments, banks, institutional investors and public pension funds have divested
7 from coal, including CalPERS, CalSTRS, the New York State Common Retirement Fund and the New
8 York City Employees' Retirement System, and CalPERS has estimated the positive impact to the
9 fund due to removing thermal coal in 2015 to be \$598 million as of fiscal year 2022; and

10 Whereas coal's impact on the environment, climate and public health presents a financial risk
11 to Oregon's Public Employees Retirement System and to the overall State Treasury portfolio; and

12 Whereas coal is damaging to the environment, climate and public health, causing damage to air,
13 soil and waterways and causing human health impacts such as cancer, cardiovascular disease, re-
14 spiratory disease, kidney disease, mental health problems, adverse birth outcomes, impaired child
15 development and others, and coal across the use continuum impacts vulnerable populations dispro-
16 portionately; now, therefore,

17 **Be It Enacted by the People of the State of Oregon:**

18 **SECTION 1. As used in sections 1 to 5 of this 2024 Act:**

19 **(1) "Clean energy" has the meaning given the term "nonemitting electricity" in ORS**
20 **469A.400.**

21 **(2) "Company" means any sole proprietorship, organization, firm, association, corpo-**
22 **ration, utility, partnership, venture, public franchise, franchisor, franchisee or its wholly**
23 **owned subsidiary that exists for profit-making purposes or otherwise to secure economic**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 advantage.

2 (3) “Investment” means the commitment of funds or other assets to a company, includ-
3 ing a loan or other extension of credit made to the company, or the ownership or control
4 of a share or interest in the company or of a bond or other debt instrument issued by the
5 company.

6 (4) “Subject investment funds” means the Public Employees Retirement Fund.

7 (5) “Thermal coal company” means a company, or a parent or subsidiary of a company:

8 (a) That derives at least 20 percent of its annual revenue from thermal coal production;

9 (b) That accounts for more than one percent of global production of thermal coal; or

10 (c) Whose reported coal reserves contain more than 0.3 gigatons of potential carbon
11 dioxide emissions.

12 (6) “Urgewald Global Coal Exit List” means the list of coal industry participants identi-
13 fied by the Urgewald organization.

14 **SECTION 2.** (1) The Oregon Investment Council and the State Treasurer, in the State
15 Treasurer’s role as investment officer for the council, shall act reasonably and in a manner
16 consistent with ORS 293.721 and 293.726 to try to ensure that moneys in subject investment
17 funds are not invested in any thermal coal company, or any fund containing a thermal coal
18 company.

19 (2) Divestment and reinvestment of moneys in subject investment funds under this sec-
20 tion must be accomplished without monetary loss to the funds through reasonable, prudent
21 and productive investments in companies generating returns that are comparable to the re-
22 turns generated by the companies subject to divestment.

23 **SECTION 3.** (1) The Oregon Investment Council and the State Treasurer, in the State
24 Treasurer’s role as investment officer for the council, shall make reasonable efforts to in-
25 vestigate all companies in which the State Treasury has invested or may invest moneys in
26 subject investment funds to determine whether any of those companies are thermal coal
27 companies.

28 (2) If the State Treasurer determines that subject investment funds are invested in a
29 publicly traded company that is a thermal coal company, the State Treasurer shall give no-
30 tice to the company that the State Treasury will withdraw moneys in subject investment
31 funds that are invested in the company as described in section 2 of this 2024 Act for as long
32 as the company is a thermal coal company.

33 (3) The State Treasurer may use the current Urgewald Global Coal Exit List to identify
34 thermal coal companies for purposes of sections 1 to 5 of this 2024 Act.

35 (4)(a) The State Treasurer may retain an investment in a thermal coal company if the
36 company demonstrates that it is transitioning to clean energy on a reasonable timeline.

37 (b) The council may adopt rules to define a reasonable timeline for such a transition. The
38 rules may reflect guidelines of the United Nations Intergovernmental Panel on Climate
39 Change regarding necessary decreases in greenhouse gas emissions.

40 (c) The State Treasurer shall monitor thermal coal companies transitioning to clean en-
41 ergy to ensure that the companies are on track to meet emissions reduction targets.

42 (5) The State Treasurer may consult with managers of public employee pension funds in
43 California and New York regarding thermal coal companies from which those funds have
44 divested.

45 **SECTION 4.** On or before January 15 of each year, the State Treasurer shall report to

1 the Legislative Assembly in the manner provided by ORS 192.245 on actions taken by the
2 State Treasurer and the Oregon Investment Council pursuant to the provisions of sections
3 1 to 5 of this 2024 Act. Annual reports must be made under this section until no moneys in
4 subject investment funds are invested in thermal coal companies. The State Treasurer shall
5 make reports under this section publicly available via the Internet.

6 SECTION 5. (1) Sections 3 (2) to (5) and 4 of this 2024 Act apply only if the Legislative
7 Assembly appropriates sufficient moneys to the State Treasurer, other than moneys de-
8 scribed by ORS 293.718 or moneys in subject investment funds, to administer sections 3 (2)
9 to (5) and 4 of this 2024 Act.

10 (2) Any costs incurred by the State Treasurer in administering sections 3 (2) to (5) and
11 4 of this 2024 Act may not be paid from subject investment funds.

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