



HOUSE OF REPRESENTATIVES

Testimony in Support of HB 4083

February 8, 2024

Chair Grayber, Vice-Chairs Lewis and Tran, and members of the committee:

My name is Khanh Pham, State Representative for House District 46. I am honored to bring forward HB 4083, the Clean Oregon Assets Legislation bill - or COAL Act, for short.

When we look around our world today, we see how rapid advances have leapfrogged outdated technology in so many areas. Blockbuster video was once an innovative business model, then Netflix pioneered a whole new way that we watch movies at home. We used to pump quarters into payphones and pay for long distance calls by the minute. Now our kids have never seen, much less used, a yellow pages phone book. They hardly know how to dial a number! And with our energy sector, renewables are leapfrogging fossil fuels fast. Solar and wind energy are now cheaper, cleaner, and growing so much faster than coal, that it is more expensive for 99% of the country's coal-fired power plants to keep running, than it is to build an entirely new solar or wind energy operation nearby.¹

Burning fossil fuels is the number one source of climate warming greenhouse gases. Coal is one of the fossil fuels that is most harmful to human health and our climate, because burning coal causes potentially lethal particulate pollution. That is why Oregon has already passed legislation to permanently phase out coal from our energy mix, and why at the 2023 UN climate talks, the United States committed to phasing out coal power plants, joining 56 other nations.

The COAL Act will begin to align our public pension investments with our existing climate commitments, and the global trend of coal phase out, by moving nearly one billion dollars of Oregon State Treasury funds out of **publicly traded** coal company stocks. The COAL Act does not mandate divestment in amalgamated private equity funds that also include coal. The COAL Act only addresses "thermal coal," that is the coal used for burning to make power, not the higher grade material that is used to make steel.

The COAL Act makes clear that the Treasurer maintains fiduciary duty, while signaling legislative directive that the Treasury:

1. Phase out investments in publicly traded thermal coal companies,
2. Not take on any **new** coal investments, and
3. Report to the legislature on the phase out of coal.

¹

<https://www.theguardian.com/us-news/2023/jan/30/us-coal-more-expensive-than-renewable-energy-study>

There are no trade-offs here. HB 4083 is a bite-sized bill, for a short legislative session. We have the opportunity to improve returns in our pension funds, while also aligning our investments with Oregon's adopted climate goals by moving a billion dollars out of a dead end, dirty, and dying industry.

Treasurer Read recently released the Treasury's net-zero plan, "Positioning The Oregon Public Employees Retirement Fund For A Net Zero Carbon Future" and I applaud Treasurer Read for this bold plan. While Treasury's net-zero plan lays out a long term strategy for net-zero by 2050, and it is a good plan, it is just a plan; no law compels the next Treasurer to follow through, should they choose to take a different approach or abandon climate goals all together. The legislature can make sure that we keep moving forward.

Passing our COAL Act into law will ensure that Oregon continues to advance our climate goals, no matter who occupies our Treasurer's office. This measure is an immediate step forward and is consistent with the Treasury's fiduciary duty to protect the pensions of more than 400,000 Oregonians.

As the Treasurer's Net-Zero plan states, "The Intergovernmental Panel on Climate Change (IPCC) has said that the coal industry could face significant stranded asset risk by 2030." **That's just 6 short years from now!**

The legislature must act now, in this short session, to take this modest but important step toward a cleaner and more secure pension fund.

We can do this, we've seen it done elsewhere. In California, the legislature divested their largest public pension funds CalPERS and CalSTRS, the CA state teachers retirement system from coal in 2015 with SB 185. In the first six years after coal divestment, California's employee retirement fund (CalPERS) gained an estimated \$598 million in returns.

The Inflation Reduction Act is pumping **hundreds of billions into clean energy**, and bringing solar and battery storage investments to the heart of coal country in West Virginia.² Even the Kentucky Coal Mining Museum switched to solar power in 2017 to save money.

This is why [HB 4083 has many supporters](#) - because it makes climate sense, financial sense, and common sense. **All the teachers' unions in Oregon (OEA, AFT-Oregon, AAUP-Oregon), with their tens of thousands of PERS members, support this legislation**, alongside 100 community organizations throughout Oregon.

These supporters do not want their own retirement investments endangered. They also don't want public health to suffer - especially for frontline and poor communities who bear the brunt of coal pollution - and the climate we all need to sustain us, and human

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<https://www.reuters.com/business/energy/form-energy-build-long-duration-battery-plant-west-virginia-2022-12-22/>

civilization. If coal pollution, such as at the Boardman power plant, was not good for Oregon - coal is not good anywhere.

This bill is implementable immediately, and protects the Treasurer's discretion and fiduciary duty. You'll hear more from Treasurer Read next about that. I'd like to also publicly thank Treasurer Read for working with me on several rounds of drafting this bill. In doing so, we ensured that the bill language is consistent with the Treasurer's net-zero plan and within the fiduciary discretion of Treasury staff. So again, I deeply appreciate the Treasurer's office for working with us on this bill to make sure it's workable by the Treasury.

Thank you for your attention to this important matter to all Oregonians. I look forward to working with you to pass HB 4083, the COAL Act.