

# Senate Bill 681

Sponsored by Senator GOLDEN; Senators FREDERICK, PHAM K, TAYLOR, Representatives FRAGALA, GAMBA, HUDSON, NELSON, NOSSE (Pre-session 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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act says that for five years, the State Treasurer can't invest in private funds that deal heavily in fossil fuels. (Flesch Readability Score: 72.7).

Prohibits the State Treasurer from renewing investments in or making new investments in a private market fund if the managers of the fund have stated an intention to invest in fossil fuels, subject to fiduciary duties.

Sunset on January 2, 2031.

## A BILL FOR AN ACT

1  
2 Relating to a moratorium on private investments by the State Treasurer in fossil fuel dominant  
3 funds.

4 Whereas reports commissioned by the State Treasurer have shown that the state's investments  
5 are at significant risk under current investment strategies; and

6 Whereas the impacts of the changing climate pose risks to supply chains, threaten property and  
7 transportation infrastructure, force insurance companies to pull out of entire geographic areas and  
8 disrupt commodity and mortgage markets; and

9 Whereas in Oregon, more intense forest fires threaten rural communities and disrupt outdoor  
10 recreational opportunities and the tourism industry; smoke from these fires threatens our workforce,  
11 our elders and our children; severe droughts constrain our important agricultural and nursery in-  
12 dustries and imperil our salmon runs; and businesses are forced to spend millions to mitigate the  
13 most pressing climate effects rather than investing in future innovation and opportunities; and

14 Whereas in February of 2024, State Treasurer Tobias Read introduced a plan to achieve a net  
15 zero carbon future for the Oregon Public Employees Retirement Fund; and

16 Whereas the plan requires the exclusion of new investments in private market funds that intend  
17 to invest primarily in fossil fuel and the tripling of investments in climate-positive holdings; and

18 Whereas the plan makes a commitment to expand engagement activities, including partnerships  
19 with other pension funds, support for company transitions, clean energy investments and incorpo-  
20 ration of just transition principles; and

21 Whereas the State Treasurer is required to manage its investment portfolios with the care, skill  
22 and diligence of a prudent person engaged in a similar enterprise so as to maximize investment re-  
23 turns and minimize the risk of loss; and

24 Whereas the State Treasurer has successfully excluded investments in fossil fuels in the Public  
25 University Fund while meeting its fiduciary duties related to the fund, and the fund has met or ex-  
26 ceeded its benchmark for the majority of quarters since excluding fossil fuels in 2018; now, therefore,

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

28 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 293.**

**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       **SECTION 2.** (1)(a) The State Treasurer may not renew investments in or make new in-  
2 vestments in a private market fund if the managers of the fund have stated an intention to  
3 invest in fossil fuels.

4       (b) The State Treasurer shall monitor private market funds in which the State Treasurer  
5 has made investments or may make investments to ensure compliance with this section.

6       (c) The State Treasurer shall ensure that contracts with managers of private market  
7 funds are consistent with the requirements of this section.

8       (2) The State Treasurer shall carry out the duties imposed by this section without in-  
9 curring material contractual penalty and in a reasonable and prudent manner by investment  
10 in acceptable institutions at comparable or better rates and returns in light of the risk and  
11 investment horizon appropriate for each investment fund.

12       (3) Nothing in this section is intended to abrogate the fiduciary responsibilities of the  
13 State Treasurer as described in ORS 293.721 and 293.726.

14       (4) As used in this section:

15       (a) “Invest in fossil fuels” means to make investments, or to intend to actively consider  
16 making investments, of at least 10 percent of assets under management in companies en-  
17 gaged in any combination of:

18       (A) Producing, exploring for or extracting fossil fuels;

19       (B) Transmitting or exporting fossil fuels;

20       (C) Creating, maintaining or dealing in infrastructure dedicated to fossil fuels, including  
21 pipelines and terminals; and

22       (D) Refining or processing crude oil or natural gas.

23       (b) “Investment” means the commitment of funds or other assets to a company, includ-  
24 ing a loan or other extension of credit made to that company, or the ownership or control  
25 of a share or interest in that company or of a bond or other debt instrument issued by that  
26 company.

27       (c) “Private market fund” includes privately placed investment funds and private assets,  
28 information about which is exempt from disclosure under ORS 192.355.

29       **SECTION 3.** Section 2 of this 2025 Act is repealed on January 2, 2031.

30       **SECTION 4.** (1) On or before January 15 of each year, the State Treasurer shall report  
31 to the Legislative Assembly in the manner provided by ORS 192.245 on the subjects described  
32 in subsection (2) of this section. The State Treasurer shall make reports under this section  
33 publicly available on the website of the State Treasurer.

34       (2) The report must include descriptions of:

35       (a) Actions taken by the State Treasurer and the Oregon Investment Council in the  
36 previous year pursuant to the provisions of section 2 of this 2025 Act;

37       (b) Actions taken to reduce the systemic risk of fossil fuels and climate change on the  
38 overall portfolio, including any collaborations with investors or others in order to reduce the  
39 risk of climate change; and

40       (c) Actions taken to include just transition principles in the State Treasury’s  
41 decarbonization efforts.

42       (3) As used in this section:

43       (a) “Just transition” means efforts to ensure that the transition to a low-carbon economy  
44 is fair, inclusive and socially equitable, including managing the transition in a way that pro-  
45 tects workers, communities and vulnerable groups.

1           **(b) “Systemic risk” means large-scale threats that can affect the entire economy rather**  
2 **than just one company or sector.**  
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