

Submitter: Rachel Freed

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB681

I am writing to express my opposition to Senate Bill 681, which seeks to prohibit the State Treasurer from renewing investments in or making new investments in private market funds that have expressed an intention to invest in fossil fuels. I believe this bill could have unintended negative consequences for our state's financial health and investment strategy.

First and foremost, the proposed legislation imposes significant restrictions on the State Treasurer's ability to make decisions based on fiduciary duties. Investment decisions should be driven by the best interests of beneficiaries, focusing on financial returns and risk management. By limiting investment opportunities based solely on a fund's focus on fossil fuels, we potentially sacrifice financial performance for ideological reasons. This could jeopardize the financial security of public pensions and other funds that rely on prudent investment strategies.

Moreover, the energy sector, including fossil fuels, remains a vital component of our economy. Many funds that invest in fossil fuels also participate in initiatives to improve sustainability and reduce carbon emissions. These investments can provide critical resources for transitioning to cleaner energy solutions while still delivering substantial returns. By excluding these investments outright, we may miss opportunities to support companies that are actively working towards a more sustainable future.

Additionally, implementing such restrictions may inadvertently lead to a lack of diversification in the state's investment portfolio. A diverse portfolio is essential for managing risk and ensuring stable returns, and limiting options can expose our investments to greater volatility in the long run.

In conclusion, I urge you to reconsider support for Senate Bill 681. We must prioritize sound financial management and allow the State Treasurer to make investment decisions that best serve the interests of the state's beneficiaries. Let us focus on fostering innovation and encouraging investments in sustainable practices while maintaining a balanced and prudent investment strategy.