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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3694

03/29/2016 Authored by Hortman, Carlson, Simonson, Hansen, Bly and others
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to the State Board of Investment; mandating a report on fossil fuel
1.3 divestment.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. STATE BOARD OF INVESTMENT; REPORT ON FOSSIL FUEL
1.6 DIVESTMENT.

1.7 (a) The State Board of Investment shall prepare a report with respect to the State
1.8 Board of Investment's management of the assets of the public pension and retirement
1.9 funds on the feasibility of divestment of companies that are involved in the exploration,
1.10 production, development, transportation or sale of fossil fuels, with the ultimate goal
1.11 of slowing the pace of climate change and its adverse consequences. The report shall
1.12 including the following:

1.13 (1) a description of the fiduciary duties, prudent person standard, and other
1.14 requirements that govern the State Board of Investment's investment of the retirement
1.15 funds;

1.16 (2) definitions of fossil fuel investments and renewable energy investments;

1.17 (3) an assessment of the exposure to fossil fuel investments in the retirement funds
1.18 and its asset class target;

1.19 (4) an assessment of the concerns and potential costs with divestment of fossil
1.20 fuel companies, generally, and specifically, divestment of coal mining and producing
1.21 companies;

1.22 (5) identification of the approaches available to public institutional investors that
1.23 address climate change initiatives;

2.1 (6) identification and assessment of alternatives to divestment, including investment
2.2 in renewable energy companies and engagement in the governance of fossil fuel companies;

2.3 (7) a summary of research on the processes, procedures, and policies utilized by
2.4 other public pension plans to address climate change issues;

2.5 (8) a description of how climate change is currently addressed in the investments
2.6 of the retirement funds;

2.7 (9) development of metrics that could be implemented to assess the impact of
2.8 divestment and describe measures that would address potential adverse consequences to
2.9 the retirement funds of divestment;

2.10 (10) identification of improvements that could be incorporated into the State Board
2.11 of Investment's proxy guidelines to address environmental policy that encourage further
2.12 engagement in climate change initiatives; and

2.13 (11) identification of resources available to the State Board of Investment to continue
2.14 acquiring knowledge on climate change risk and related investment alternatives.

2.15 (b) The State Board of Investment shall deliver its report on or before February 1,
2.16 2017, to the chair, the vice-chair, and the executive director of the Legislative Commission
2.17 on Pensions and Retirement.

2.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.