

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 3383

(SENATE AUTHORS: PAPPAS and Dziezic)

DATE
02/24/2022

D-PG
5112

Introduction and first reading
Referred to State Government Finance and Policy and Elections

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to the State Board of Investment; requiring divestment from certain
1.3 investments relating to fossil fuels; requiring a report; proposing coding for new
1.4 law in Minnesota Statutes, chapter 11A.

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

1.6 Section 1. 11A.245 INVESTMENT IN FOSSIL FUELS.

1.7 Subdivision 1. Short title. This section may be cited as the "Fossil Fuel Divestment
1.8 Act."

1.9 Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the
1.10 meanings given.

1.11 (b) "Direct holdings" means all publicly traded debt and equity securities of a company
1.12 that are held directly by the State Board of Investment or held in an account or fund in which
1.13 the State Board of Investment owns all shares or interests.

1.14 (c) "Director" means the executive director of the State Board of Investment.

1.15 (d) "Fossil fuel company" means any company or corporation or any subsidiary, affiliate,
1.16 or parent of any corporation or company, among the two hundred largest publicly traded
1.17 fossil fuel companies as established by carbon content in the companies' proven oil, gas,
1.18 and coal reserves.

1.19 (e) "State board" means the State Board of Investment.

1.20 Subd. 3. Combined investment fund. The divestment and other requirements of this
1.21 section apply only to assets in the Minnesota combined investment funds established under

2.1 section 11A.14 and does not apply to any of the other funds managed and administered by
2.2 the state board.

2.3 Subd. 4. **No new investment.** The state board shall not invest in stocks, debt, or other
2.4 securities of fossil fuel companies.

2.5 Subd. 5. **Divestment.** The state board shall, in accordance with prudent investment
2.6 standards, divest from any stocks, debt, or other securities of fossil fuel companies that are
2.7 direct holdings of the state board. Divestment pursuant to this subdivision must be completed
2.8 by July 1, 2027.

2.9 Subd. 6. **Review process.** A company that has been determined to be a fossil fuel
2.10 company by the director may request a review of that determination by submitting to the
2.11 director a request for review along with evidence showing that the company does not meet
2.12 the definition of a fossil fuel company. Upon receipt by the director of sufficient evidence
2.13 showing that such a company is not a fossil fuel company, the company is no longer
2.14 considered a fossil fuel company for purposes of the requirements in subdivisions 4 and 5.

2.15 Subd. 7. **Reporting.** By January 15 of each calendar year, the state board shall submit
2.16 a report to the chairs and ranking minority members of the legislative committees and
2.17 divisions with jurisdiction over the state board. The report must be based on the state board's
2.18 holdings and information available as of June 30 of the preceding year. The report must
2.19 include:

2.20 (1) a list of fossil fuel companies;

2.21 (2) a list of fossil fuel companies in which the state board is invested and the value of
2.22 those investments; and

2.23 (3) a list of the fossil fuel companies from which the state board has divested under this
2.24 section and the value of the corresponding divested securities.

2.25 Subd. 8. **Other legal obligations.** The state board is exempt from any statutory or
2.26 common law obligations that conflict with actions taken in compliance with this section,
2.27 including all good faith determinations under subdivision 6, and determinations regarding
2.28 the choice of asset managers, investment funds, or investments.

2.29 Subd. 9. **Severability.** The provisions of this section are severable. If any provision of
2.30 this section or its application is held invalid, that invalidity does not affect other provisions
2.31 or applications that can be given effect without the invalid provision or application.

2.32 **EFFECTIVE DATE.** This section is effective July 1, 2022.