



Reprinted
February 17, 2023

SENATE BILL No. 292

DIGEST OF SB 292 (Updated February 16, 2023 2:36 pm - DI 120)

Citations Affected: IC 5-10.5.

Synopsis: INPRS investments. Requires the board of trustees of the Indiana public retirement system (board) to make investment decisions with the primary purpose of maximizing the target rate of return on the board's investments. Prohibits the board from making an investment decision with the purpose of influencing any social or environmental policy or attempting to influence the governance of any corporation for nonpecuniary purposes. Specifies an exception. Requires the board to adopt a policy that ensures proxy voting and engagement is based primarily on maximizing the target rate of return on the board's investments. Provides certain guidelines and reporting requirements for proxy voting in relation to the administration of the public pension and retirement funds of the system.

Effective: July 1, 2023.

**Holdman, Rogers, Koch, Raatz,
Randolph Lonnie M**

January 11, 2023, read first time and referred to Committee on Pensions and Labor.
January 26, 2023, amended, reported favorably — Do Pass.
February 16, 2023, read second time, amended, ordered engrossed.

SB 292—LS 6805/DI 141



First Regular Session of the 123rd General Assembly (2023)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2022 Regular Session of the General Assembly.

SENATE BILL No. 292

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10.5-5-3 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2023]: **Sec. 3. (a) The board, in accordance with the fiduciary**
4 **duties described in this article, shall make investment decisions**
5 **with the primary purpose of maximizing the target rate of return**
6 **on the board's investments.**
7 **(b) Except as otherwise provided by law, the board may not**
8 **make an investment decision with the purpose of:**
9 **(1) influencing any social or environmental policy; or**
10 **(2) attempting to influence the governance of any corporation**
11 **for nonpecuniary purposes.**
12 **(c) The board shall, at least annually, tabulate and report all**
13 **proxy votes made in relation to the administration of the public**
14 **pension and retirement funds of the system as follows:**
15 **(1) For each vote reported under this subsection, the report**
16 **must contain:**
17 **(A) a vote caption;**

SB 292—LS 6805/DI 141



- 1 **(B) the fund's vote;**
- 2 **(C) the recommendation of a portfolio company's**
- 3 **management; and**
- 4 **(D) if applicable, the recommendation of a proxy adviser**
- 5 **or other service provider.**
- 6 **(2) The board shall publish reports under this subsection on**
- 7 **the board's website.**
- 8 **(d) To the extent economically feasible, the board may not grant**
- 9 **proxy voting authority to a fiduciary unless the fiduciary:**
- 10 **(1) has a practice of following; and**
- 11 **(2) follows guidelines that meet the following requirements of**
- 12 **when the fiduciary engages with portfolio companies and**
- 13 **voting shares of proxies:**
- 14 **(A) In making and supervising investments of the public**
- 15 **pension system, a fiduciary shall discharge the fiduciary's**
- 16 **duties solely in the financial interests of the participants**
- 17 **and beneficiaries of the system for the exclusive purpose of**
- 18 **providing financial benefits to participants and**
- 19 **beneficiaries.**
- 20 **(B) In making and supervising investments of the system,**
- 21 **a fiduciary shall only consider financial factors when**
- 22 **discharging the fiduciary's duties with respect to a fund of**
- 23 **the system.**
- 24 **(e) The board shall adopt a policy that assures that proxy voting**
- 25 **and engagement shall be based primarily on maximizing the target**
- 26 **rate of return on the board's investments. If the board has**
- 27 **reasonable cause to believe that a violation of the policy on proxy**
- 28 **voting and engagement has been violated, the board shall report**
- 29 **such violation to the interim study committee on pension**
- 30 **management oversight, including any actions taken to remedy the**
- 31 **potential violation.**
- 32 **(f) This section shall not apply to private market funds defined**
- 33 **under IC 5-10.2-10-11.**



COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 292, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 5, delete "sole purpose of maximizing the" and insert "**primary purpose of maximizing the target rate of**".

Page 1, line 7, delete "The" and insert "**Except as otherwise provided by law, the**".

Page 1, line 10, delete "corporation." and insert "**corporation for nonpecuniary purposes.**".

and when so amended that said bill do pass.

(Reference is to SB 292 as introduced.)

ROGERS, Chairperson

Committee Vote: Yeas 8, Nays 2.

 SENATE MOTION

Madam President: I move that Senate Bill 292 be amended to read as follows:

Page 1, after line 11, begin a new paragraph and insert:

"(c) The board shall, at least annually, tabulate and report all proxy votes made in relation to the administration of the public pension and retirement funds of the system as follows:

(1) For each vote reported under this subsection, the report must contain:

(A) a vote caption;

(B) the fund's vote;

(C) the recommendation of a portfolio company's management; and

(D) if applicable, the recommendation of a proxy adviser or other service provider.

(2) The board shall publish reports under this subsection on the board's website.

(d) To the extent economically feasible, the board may not grant proxy voting authority to a fiduciary unless the fiduciary:

(1) has a practice of following; and

SB 292—LS 6805/DI 141



(2) follows guidelines that meet the following requirements of when the fiduciary engages with portfolio companies and voting shares of proxies:

(A) In making and supervising investments of the public pension system, a fiduciary shall discharge the fiduciary's duties solely in the financial interests of the participants and beneficiaries of the system for the exclusive purpose of providing financial benefits to participants and beneficiaries.

(B) In making and supervising investments of the system, a fiduciary shall only consider financial factors when discharging the fiduciary's duties with respect to a fund of the system.

(e) The board shall adopt a policy that assures that proxy voting and engagement shall be based primarily on maximizing the target rate of return on the board's investments. If the board has reasonable cause to believe that a violation of the policy on proxy voting and engagement has been violated, the board shall report such violation to the interim study committee on pension management oversight, including any actions taken to remedy the potential violation.

(f) This section shall not apply to private market funds defined under IC 5-10.2-10-11."

(Reference is to SB 292 as printed January 27, 2023.)

HOLDMAN

