
HOUSE COMMITTEE AMENDMENTS

2024 Regular Session

Substitute for Original House Bill No. 902 by Representative Melerine as proposed by the House Committee on Retirement

This document reflects the content of a substitute bill but is not in a bill form; page numbers in this document DO NOT correspond to page numbers in the substitute bill itself.

To enact R.S. 11:263(H), relative to investments of public retirement systems; to provide relative to proxy voting on shareholder sponsored proposals; to provide relative to the use of advice from proxy advisory firms; and to provide for related matters.

Notice of intention to introduce this Act has been published as provided by Article X, Section 29(C) of the Constitution of Louisiana.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:263(H) is hereby enacted to read as follows:

§263. Prudent-man rule; investments; reporting

* * *

H.(1) No governing authority of any system, plan or fund governed by this Subpart shall vote a proxy relating to a shareholder sponsored proposal submitted to an issuer of securities pursuant to Rule 14a-8 of the Securities Exchange Act in a manner that is consistent with the recommendation of a proxy advisory firm unless the recommendation of the proxy advisory firm is consistent with the recommendation of the board of directors of the issuer of securities. If the proxy advisory firm has recommended a vote in a manner inconsistent with the recommendation of the issuer's board of directors, a proxy vote may be cast consistent with the proxy advisory firm's recommendation only if the proxy advisory firm has agreed that its recommendation, advice, and analysis regarding the shareholder sponsored proposal is in compliance with this Section and is in the best financial interest of the system, plan or fund.

(2) For the purposes of this Subsection, "proxy advisory firm" means any entity that is engaged in the primary business of providing proxy voting advice,

research, analysis, ratings, or recommendations to a system, plan, or fund governed by this Subpart and that has a direct contractual relationship with the system, plan, or fund.

(3) Notwithstanding the prudent-man rule, a system, plan, or fund governed by this Subpart shall not be required to proxy vote.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB Draft

2024 Regular Session

Abstract: Provides relative to the voting of proxies by public retirement systems on shareholder sponsored proposals.

Proposed law prohibits public retirement systems from voting a proxy relating to a shareholder sponsored proposal submitted to an issuer of securities pursuant to specified federal law in a manner that is consistent with the recommendation of a proxy advisory firm unless one of the following applies:

- (1) The firm's recommendation is consistent with the recommendation of the board of directors of the issuer of the securities.
- (2) The firm has agreed that its recommendation, advice, and analysis regarding the shareholder sponsored proposal is in compliance with present law regarding prudent investments by retirement systems and is in the best financial interest of the system.

Proposed law provides that a proxy advisory firm is an entity that is engaged in the business of providing proxy voting advice, research, analysis, ratings, or recommendations to a retirement system and that has a direct contractual relationship with the system.

(Adds R.S. 11:263(H))