

2022 Regular Session

HOUSE RESOLUTION NO. 246

BY REPRESENTATIVES HODGES, AMEDEE, CREWS, EDMONSTON, FIRMENT,
FRIEMAN, GAROFALO, HORTON, LARVADAIN, MACK, MIGUEZ, AND
CHARLES OWEN

A RESOLUTION

To create the Environmental, Social, and Governance Criteria Study Group to study and make recommendations regarding regulation of environmental, social, and governance (ESG) criteria in lending and investment practices.

WHEREAS, Forbes reports that investment entities including Bloomberg, Standard & Poor's, and the Dow Jones study and assign ratings or scores to businesses based on their performance in fulfilling certain ESG criteria; and

WHEREAS, Investopedia reports that mutual funds, brokerage firms, and certain advisors offer investment products that employ ESG criteria; and

WHEREAS, the CFA Institute reports that environmental factors considered in an ESG rating include but are not limited to climate change and carbon emission initiatives, air and water pollution initiatives, energy efficiency, and water scarcity initiatives; and

WHEREAS, Forbes reports that social factors considered in an ESG rating include but are not limited to equality, racial diversity, and inclusion programs; and

WHEREAS, the CFA Institute reports that governance factors considered in an ESG rating include but are not limited to board composition, executive compensation, lobbying efforts, political contributions, and whistleblower policies; and

WHEREAS, the use of ESG scores or ratings in investing decisions may lead to money being disproportionately invested based on a company's public support of certain political agendas, rather than based on a company's profitability; and

WHEREAS, funds being invested in unprofitable companies merely because of their public support of certain political ideologies may lead to individuals losing their investments; and

WHEREAS, the retirement accounts of certain individuals are managed by investment advisors who utilize ESG criteria; and

WHEREAS, it is in the interest of the residents of Louisiana to know if their investment funds are being properly managed; and

WHEREAS, the Wall Street Journal reported in January 2020 that sixty-seven percent of banks screen their loan portfolios for ESG risks; and

WHEREAS, it is in the interest of the residents of Louisiana to be approved for personal loans if they are in need of funds and are financially able to repay loans for such funds, regardless of their political beliefs or ideologies; and

WHEREAS, it is within the power of the Louisiana House of Representatives to form a study group to study and make recommendations to the legislature concerning matters of importance to the residents of Louisiana.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby create an Environmental, Social, and Governance Criteria Study Group to study and make recommendations regarding regulation of the use of ESG factors in lending and investment practices.

BE IT FURTHER RESOLVED that the study group shall be composed of the following members:

- (1) The commissioner of the office of financial institutions or his designee.
- (2) The state treasurer or his designee.
- (3) A representative of the Louisiana Credit Union League.
- (4) A representative of the Louisiana Association of Business and Industry.
- (5) A representative of the Louisiana Bankers Association.
- (6) Two members of the legislature appointed by the chair of the House Commerce Committee.
- (7) A representative from the Louisiana Mid-Continent Oil and Gas Association.

BE IT FURTHER RESOLVED that the study group shall elect a chairman and other officers as it deems appropriate at its first meeting.

BE IT FURTHER RESOLVED that the members of the study group shall serve without compensation, except per diem or expense reimbursement to which they may be individually entitled to as members or employees of their constituent organizations.

BE IT FURTHER RESOLVED that a majority of the total membership shall constitute a quorum of the study group and any official action by the study group shall require an affirmative vote of a majority of the members present and voting.

BE IT FURTHER RESOLVED that the study group shall prepare a written report detailing its findings and any recommendations it may have to the chairman and members of the House Committee on Commerce and the David R. Poynter Legislative Research Library, as required by R.S. 24:772, by February 1, 2023.

BE IT FURTHER RESOLVED that the Office of Financial Institutions may offer staff support for the study group.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the commissioner of the office of financial institutions, the state treasurer, the president of the Louisiana Credit Union League, the president of the Louisiana Association of Business and Industry, the chief executive officer of the Louisiana Bankers Association, the president of the Louisiana Chemical Association, and the president of the Louisiana Mid-Continent Oil and Gas Association.

SPEAKER OF THE HOUSE OF REPRESENTATIVES