

**HOUSE . . . . . No. 4354**

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The Commonwealth of Massachusetts

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**In the Year Two Thousand Fourteen**  
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An Act creating a commission to study the feasibility of divestment of fossil fuels from the Commonwealth's pension systems.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           Notwithstanding any general or special law to the contrary, there shall be a special  
2 commission to investigate and study the prospect of divesting the following from fossil fuel  
3 companies: the Pension Reserves Investment Trust or the Pension Reserves Investment  
4 Management Board charged with managing the pooled investment fund consisting of the assets  
5 of the State Employees' and Teachers' Retirement Systems as well as the assets of local  
6 retirement systems under the control of the board.

7           The commission shall evaluate the positive impact that divestment may have upon the  
8 environment and the fossil fuel industry, weighed against the potential risk that divestment may  
9 pose to the Commonwealth's pension funds and retirees.

10           The commission shall consist of 11 members: 2 of whom shall be the chairs of the joint  
11 committee on public service, who shall co-chair the commission; 1 of whom shall be the  
12 secretary of administration and finance, or the secretary's designee; 1 of whom shall be the  
13 treasurer, or the treasurer's designee; 1 of whom shall be the executive director of the public  
14 employee retirement administration commission, or the director's designee; 1 of whom shall be  
15 a member of the Retired State, County and Municipal Employees Association of Massachusetts;  
16 1 member who shall be the house minority leader or a designee; 1 member who shall be the  
17 senate minority leader or a designee; 3 of whom shall be private citizens appointed by the co-  
18 chairs, based upon the citizens' expertise in academia, environmental issues, or finance, who  
19 shall not be members of any of the 105 contributory retirement systems.

20           The commission shall consult with experts in the relevant fields and file a report of its  
21 recommendations. The report shall include, but not be limited to: (i) an analysis of the current  
22 and future environmental impact of fossil fuel companies; (ii) an analysis of the potential

23 environmental and policy benefits derived from divestment; (iii) an estimate of how much risk, if  
24 any, will be incurred by divestment, expressed as a percentage of increased volatility; (iv) an  
25 analysis of the potential impact that divestment may have on the amortization schedules for the  
26 Commonwealth's pension funds; (v) recommendations on which "fossil fuel" companies should  
27 be subject to divestment, including analysis on the possibility of divesting solely from companies  
28 dealing directly in coal; (vi) recommendations on potential exceptions to divestment for indirect  
29 holdings, particularly regarding exceptions for mutual funds and index funds that may invest in  
30 fossil fuel companies; (vii) analysis on the potential impact that divestment may pose to  
31 companies and employees based in the Commonwealth; (viii) recommendations on a potential  
32 "escape clause" in the legislation providing that pension funds may cease divestment and  
33 reinvest in fossil fuel companies if investment loss reaches a certain threshold; (ix)  
34 recommendations on effective administration and oversight of divestment.

35           The commission shall file a report of its recommendations, together with the actuarial  
36 analysis, if any, with the clerks of the house and senate, the chairs of the house and senate  
37 committee on ways and means and the chairs of the joint committee on public service not later  
38 than February 15, 2015.