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H.197

Introduced by Representatives Stebbins of Burlington, Bos-Lun of  
Westminster, Burke of Brattleboro, Burrows of West Windsor,  
Chesnut-Tangerman of Middletown Springs, Cina of  
Burlington, Cordes of Lincoln, Elder of Starksboro, Goldman of  
Rockingham, Hyman of South Burlington, Logan of Burlington,  
McGill of Bridport, Pouech of Hinesburg, Priestley of Bradford,  
Rice of Dorset, Satcowitz of Randolph, Templeman of  
Brownington, and Waters Evans of Charlotte

Referred to Committee on

Date:

Subject: State Treasurer; Vermont Pension Investment Commission;

investment and oversight of retirement systems' assets; divestment

Statement of purpose of bill as introduced: This bill proposes to require the  
Vermont Pension Investment Commission to (1) on or before August 15, 2023,  
review the assets of the Vermont State Employees' Retirement System, the  
State Teachers' Retirement System, and the Municipal Employees' Retirement  
System to determine the extent to which they are invested in the fossil fuel  
industry, and (2) on or before November 15, 2023, develop and submit to the  
House Committee on Government Operations and Military Affairs, the Senate  
Committee on Government Operations, and the Joint Pension Oversight

1 Committee a plan to divest the investments of the Vermont State Employees’  
2 Retirement System, the State Teachers’ Retirement System, and the Municipal  
3 Employees’ Retirement System from the fossil fuel industry by December 31,  
4 2030. This bill also prohibits the Commission from investing the assets of the  
5 Vermont State Employees’ Retirement System, the State Teachers’ Retirement  
6 System, and the Municipal Employees’ Retirement System in the fossil fuel  
7 industry on or after July 1, 2031.

8 An act relating to divestment of State pension funds of investments in the  
9 fossil fuel industry

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. DIVESTMENT OF PUBLIC PENSION FUNDS; FOSSIL FUELS;  
12 VERMONT PENSION INVESTMENT COMMISSION; PLAN AND  
13 REPORT

14 (a) Definitions. As used in this section:

15 (1) “Fossil fuel” means an energy source formed in the earth’s crust  
16 from decayed organic material. The term includes petroleum, coal, natural gas,  
17 heating oils, light and heavy diesel oil, motor gasoline, propane, butane,  
18 residential fuel oils, kerosene, and aviation fuels. “Fossil fuel” does not mean  
19 biodiesel as that term is defined in 10 V.S.A. § 585.

20 (2) “Fossil fuel company” means any company that:

1           (A) is among the 200 publicly traded companies with the largest  
2           fossil fuel reserves in the world;

3           (B) is among the 30 largest public company owners in the world of  
4           coal-fired power plants;

5           (C) has as its core business the construction or operation of fossil fuel  
6           infrastructure;

7           (D) has as its core business the exploration, extraction, refining,  
8           processing or distribution of fossil fuels; or

9           (E) receives more than 50 percent of its gross revenue from  
10          companies that meet the definition under subdivision (A), (B), (C) or (D) of  
11          this subdivision (2).

12          (3) “Fossil fuel infrastructure” means oil or gas wells, oil or gas  
13          pipelines and refineries; oil, coal, or gas-fired power plants; oil and gas storage  
14          tanks; fossil fuel export terminals; and any other infrastructure used  
15          exclusively for fossil fuels.

16          (b) Review. On or before August 1, 2023, the Vermont Pension  
17          Investment Commission, in consultation with the Office of the State Treasurer,  
18          shall review the extent to which the assets of the Vermont State Employees’  
19          Retirement System, the State Teachers’ Retirement System, and the Municipal  
20          Employees’ Retirement System are invested in stocks, securities, or other

1 obligations of any fossil fuel company or any subsidiary, affiliate, or parent of  
2 any fossil fuel company.

3 (c) Plan. The Commission, in accordance with sound investment criteria  
4 and consistent with fiduciary obligations, shall develop a plan to divest any  
5 such holdings identified in the review described in subsection (b) of this  
6 section on or before December 31, 2030; provided, however, nothing in the  
7 plan shall preclude de minimis exposure of any funds held by the Commission  
8 to the stocks, securities, or other obligations of any fossil fuel company or any  
9 subsidiary, affiliate, or parent of any fossil fuel company.

10 (d) Report.

11 (1) On or before November 15, 2023, the Commission shall submit a  
12 report on the review and plan described in subsections (b) and (c) of this  
13 section to the House Committee on Government Operations and Military  
14 Affairs and the Senate Committee on Government Operations and to the Joint  
15 Pension Oversight Committee.

16 (2) Beginning on January 15, 2024, and annually thereafter until January  
17 15, 2030, the Commission shall submit a report to the House Committee on  
18 Government Operations and Military Affairs and the Senate Committee on  
19 Government Operations and the Joint Pension Oversight Committee on the  
20 progress of divestment described in this section.

1           (3) On or before January 15, 2031, the Commission shall make a final  
2           report to the House Committee on Government Operations and Military  
3           Affairs and the Senate Committee on Government Operations and the Joint  
4           Pension Oversight Committee regarding completion of divestment described in  
5           this section.

6           Sec. 2. DIVESTMENT PLAN; VERMONT PENSION INVESTMENT  
7                           COMMISSION; APPROPRIATION

8           In FY 2024, the amount of \$100,000.00 in general funds is appropriated to  
9           the Vermont Pension Investment Commission to develop the plan and report  
10           described in Sec. 1 of this act.

11           Sec. 3. 3 V.S.A. § 521 is amended to read:

12           § 521. DEFINITIONS

13           As used in this chapter:

14   \* \* \*

15           (5) “Fossil fuel” means an energy source formed in the earth’s crust  
16           from decayed organic material. The term includes petroleum, coal, natural gas,  
17           heating oils, light and heavy diesel oil, motor gasoline, propane, butane,  
18           residential fuel oils, kerosene, and aviation fuels. “Fossil fuel” does not mean  
19           biodiesel as that term is defined in 10 V.S.A. § 585.

20           (6) “Fossil fuel company” means any company that:

1           (A) is among the 200 publicly traded companies with the largest fossil  
2 fuel reserves in the world;

3           (B) is among the 30 largest public company owners in the world of  
4 coal-fired power plants;

5           (C) has as its core business the construction or operation of fossil fuel  
6 infrastructure;

7           (D) has as its core business the exploration, extraction, refining,  
8 processing, or distribution of fossil fuels; or

9           (E) receives more than 50 percent of its gross revenue from  
10 companies that meet the definition under subdivision (A), (B), (C) or (D) of  
11 this subdivision (6).

12           (7) “Fossil fuel infrastructure” means oil or gas wells, oil or gas  
13 pipelines and refineries; oil, coal, or gas-fired power plants; oil and gas storage  
14 tanks; fossil fuel export terminals; and any other infrastructure used  
15 exclusively for fossil fuels.

16       Sec. 4. 3 V.S.A. § 523 is amended to read:

17       § 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

18       (a) General. The Vermont Pension Investment Commission shall be  
19 responsible for the investment of the assets of the Vermont State Teachers’  
20 Retirement System, the Vermont State Employees’ Retirement System, and the  
21 Vermont Municipal Employees’ Retirement System pursuant to section 472 of

1 this title, 16 V.S.A. § 1943, and 24 V.S.A. § 5063. The Commission shall  
2 strive to maximize total return on investment, within acceptable levels of risk  
3 for public retirement systems, in accordance with the standards of care  
4 established by the prudent investor rule under 14A V.S.A. § 902. The  
5 Commission may, in its discretion, subject to approval by the Attorney  
6 General, also enter into agreements with municipalities administering their  
7 own retirement systems to invest retirement funds for those municipal pension  
8 plans. The State Treasurer shall serve as the custodian of the funds of all three  
9 retirement systems. The Commission may, in its discretion, also enter into  
10 agreements with the State Treasurer to invest the State Employees'  
11 Postemployment Benefits Trust Fund, established in section 479a of this title,  
12 and the Retired Teachers' Health and Medical Benefits Fund, established in 16  
13 V.S.A. § 1944b.

14 \* \* \*

15 (i) Notwithstanding any other provision of law to the contrary, the  
16 Commission, in accordance with sound investment criteria and consistent with  
17 fiduciary obligations, shall not invest the assets of the Vermont State Teachers'  
18 Retirement System, the Vermont State Employees' Retirement System, and the  
19 Vermont Municipal Employees' Retirement System in the stocks, securities, or  
20 other obligations of any fossil fuel company or any subsidiary, affiliate, or  
21 parent of any fossil fuel company. Nothing in this subsection precludes de

1 minimis exposure of any funds held by the Commission to the stocks,  
2 securities, or other obligations of any fossil fuel company or any subsidiary,  
3 affiliate, or parent of any fossil fuel company.

4 Sec. 5. EFFECTIVE DATES

5 (a) Secs. 1, 2, and this section shall take effect on July 1, 2023.

6 (b) Secs. 3 and 4 shall take effect on July 1, 2031.