

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	HB3541
Version:	CS
Request Number:	10164
Author:	Rep. Lepak
Date:	3/1/2024
Impact:	\$0

Research Analysis

The committee substitute to HB3541 expands the application of the Energy Discrimination Act of 2022 to private financial firms and adds boycotts against timber, mining and agricultural companies as a reason to be included as a listed financial company.

The measure amends the standard for contract termination with a listed financial company or divestment of funds that are held, managed or advised by a listed financial company. In order to be exempt from the act, the entity and State Treasurer must be in agreement that divestment would lead to a *materially negative financial impact* for the entity. To be considered materially negative, the estimated cost to divest must be greater than 0.05% per year of the net asset value of the entity's total holdings and cannot include administrative costs. Without agreement from the State Treasurer, no government entity can exempt itself because of fiduciary concerns.

Furthermore, the measure updates the reporting requirement for all stakeholders involved and clarifies the timeline for divestment or selection of an alternative investment option.

Lastly, the measure removes the contracting prohibition for political subdivisions. The contracting prohibition is applicable to all state agencies, whereas the investment divestment is only applicable to state retirement systems.

Prepared By: Quyen Do

Fiscal Analysis

The committee substitute to HB 3541 expands the application of the Energy Discrimination Act of 2022 and amends various stipulations regarding contract termination and reporting requirements. Per the State Treasurer's office, this measure would have no direct fiscal or revenue considerations for the agency.

Prepared By: Jay St Clair, House Fiscal Staff

Other Considerations

None.