Rep. Bernardy, Rock. 36
March 9, 2023
2023-0898h
07/08

Amendment to HB 457-FN

Amend the bill by replacing all after the enacting clause with the following:

1 New Subparagraph; Investment of Funds; State Treasurer; Conditions. Amend RSA 6:8, II by inserting after subparagraph (e) the following new subparagraph:

(f) Notwithstanding the other provisions of this paragraph, all investments and their management shall be governed by the fiduciary duty to maximize benefits for the state or the beneficiaries of the state's trust funds managed by the treasurer. The treasurer shall report on a quarterly basis to the office of legislative budget assistant regarding compliance with the duty to make investment decisions based upon the fiduciary duty to maximize short or long term financial benefits for the state. The report shall note the existence of any investment funds that may have mixed, rather than pure, fiduciary interest investment motivations.

2 Retirement System; Management of Funds. Amend RSA 100-A:15, VIII to read as follows:

VIII.*(a)* The management, investment, and reinvestment practices for the assets held in trust by the board pursuant to this section shall be subject to review by the legislature.

(b) The independent investment committee and the board of trustees shall report on a quarterly basis to the office of legislative budget assistant regarding compliance with the duty to make all investment decisions solely in the interest of the participants and beneficiaries of the state retirement system. The report shall note the existence of any investment funds that may have mixed, rather than sole, interest investment motivations.

3 Effective Date. This act shall take effect 60 days after its passage.

2023-0898h

AMENDED ANALYSIS

This bill requires the state treasurer and the retirement system to report quarterly on the motivations of funds, especially those that have environmental social, political, or ideological interests.

HB 457-FN - AS INTRODUCED

2023 SESSION

23-0444
08/04

HOUSE BILL ***457-FN***

AN ACT relative to state treasury pension and insurance fund management.

SPONSORS: Rep. Bernardy, Rock. 36; Rep. Greeson, Graf. 6; Rep. Hill, Merr. 2; Rep. Hobson, Rock. 14; Rep. Kofalt, Hills. 32; Rep. Porcelli, Rock. 19; Rep. Spillane, Rock. 2; Rep. A. Turcotte, Merr. 11; Rep. Vose, Rock. 5; Rep. Weyler, Rock. 14; Sen. Gannon, Dist 23

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill prohibits the state treasurer and the retirement system conducting business with any financial institution or proxies which prioritize social, political, or ideological interests above or in concert with the traditional fiduciary duty to maximize financial benefit

- -

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 457-FN - AS INTRODUCED

23-0444
08/04

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to state treasury pension and insurance fund management.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Subparagraph; Investment of Funds; State Treasurer; Conditions. Amend RSA 6:8, II by inserting after subparagraph (e) the following new subparagraph:

(f) Notwithstanding the other provisions of this paragraph, all investments and their management shall be governed by the fiduciary duty to maximize benefits for the state or the beneficiaries of the state's trust funds. Such duty precludes conducting business with any financial institution or proxies which prioritize social, political, or ideological interests above or in concert with the traditional fiduciary duty to maximize financial benefit.

2 New Subparagraph; Retirement System; Management of Funds. Amend RSA 100-A:15, I-a(b) by inserting after subparagraph (4) the following new subparagraph:

(5) Notwithstanding the other provisions of this paragraph, all investments and their management shall be governed by the fiduciary duty to maximize benefits for the state or the beneficiaries of the state's trust funds. Such duty precludes conducting business with any financial institution or proxies which prioritize social, political, or ideological interests above or in concert with the traditional fiduciary duty to maximize financial benefit.

3 Effective Date. This act shall take effect 60 days after its passage.

LBA
23-0444
1/5/23

HB 457-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to state treasury pension and insurance fund management.

FISCAL IMPACT: [X] State [X] County [X] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Appropriation	$0	$0	$0	$0
Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	Indeterminable
Funding Source:	[X] General	[ ] Education	[ ] Highway	[ ] Other

COUNTY:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	Indeterminable

LOCAL:

Revenue	$0	$0	$0	$0
Expenditures	$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill prohibits the state treasurer and the retirement system from conducting business with any financial institution or proxies which prioritize social, political, or ideological interests above or in concert with the traditional fiduciary duty to maximize financial benefit.

The New Hampshire Retirement System (NHRS) states the proposed bill contains several ambiguities that would make it unfeasible to administer. It lacks both a definition of what constitutes a "proxy" for an investment institution and an objective standard for determining what constitutes "social, political, or ideological interests". In addition, it is unclear what terms "prioritize" and "above or in concert with" mean. It would be very difficult, if not impossible, for NHRS to determine which factors a particular investment institution prioritizes or otherwise considers in concert with more traditional factors.

Pursuant to RSA 100-A:15, I-a(a)(1), NHRS fiduciaries, including its Board of Trustees and members of its Independent Investment Committee, have a duty to make all its decisions "[s]olely in the interest of the participants and beneficiaries." The requirements of this bill conflicts with these constitutional and statutory fiduciary duties, as well as general trust law

and the Internal Revenue Code, each of which requires fiduciaries to follow a duty of loyalty and prudence at all times. This bill would limit the options available to maximize investment returns and the ability of NHRS to consider all factors, both positive and negative, that could affect the value of its investment portfolio. Due to the above factors the NHRS states it is impossible to determine if there would be any fiscal impact on employer contribution rates. Any impact on the New Hampshire Retirement System would impact county and local expenditures to the extent they are members of the System.

The State Treasury Department states it is unclear whether this directive would affect revenues and expenditures of the State Treasury. The State Treasury would need to first research whether current financial partners prioritize social, political, or ideological interest above the fiduciary duty to maximize benefits for the State or the beneficiaries of the State's trust funds. If they learned that financial institutions they already work with have a social, political, or ideological interest or mandate of their own and they do not act on the State's best interest, they would need to determine whether the existing contract/agreement could be terminated and issue an RFP to find a financial institution that would satisfy this requirement. A change in current service provider(s) to re-implement commercial banking services, while indeterminate, could create additional transition costs.

The State Treasury conducts business with financial institutions that have a large footprint in the state to accommodate State agency deposits, sufficiently robust infrastructure to handle the volume of deposits and payments the State requires, and offers fraud prevention products and services to protect public funds (i.e. positive pay services, etc.); therefore, it is unclear whether the State would incur higher costs or miss on earnings opportunities as result of potentially excluding certain financial institutions.

AGENCIES CONTACTED:

Treasury Department and New Hampshire Retirement System

CONSENT CALENDAR

March 10, 2023

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Executive Departments and Administration to which was referred HB 457-FN,

AN ACT relative to state treasury pension and insurance fund management. Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. Matthew Simon

FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

COMMITTEE REPORT

Committee:	**Executive Departments and Administration**
Bill Number:	**HB 457-FN**
Title:	**relative to state treasury pension and insurance fund management.**
Date:	**March 10, 2023**
Consent Calendar:	**CONSENT**
Recommendation:	**OUGHT TO PASS WITH AMENDMENT 2023-0898h**

STATEMENT OF INTENT

This bill codifies the fiduciary responsibility of the Treasurer of NH in statute. It further requires the Treasurer and the NH Retirement System to make quarterly investment reports to the Legislative Budget Assistant for legislative oversight and accountability. The committee determined that this codification and increased transparency were common sense moves that will benefit the people of New Hampshire.

Vote 20-0.

Rep. Matthew Simon
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Executive Departments and Administration

HB 457-FN, relative to state treasury pension and insurance fund management. **OUGHT TO PASS WITH AMENDMENT.**

Rep. Matthew Simon for Executive Departments and Administration. This bill codifies the fiduciary responsibility of the Treasurer of NH in statute. It further requires the Treasurer and the NH Retirement System to make quarterly investment reports to the Legislative Budget Assistant for legislative oversight and accountability. The committee determined that this codification and increased transparency were common sense moves that will benefit the people of New Hampshire. **Vote 20-0.**

Original: House Clerk
Cc: Committee Bill File

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill #: HB457 Date: 2/15/23

Committee: ED&A

**** Please Print All Information ****

Name	Address	Phone	Representing	Pro	Con
Rep. Jeanine Notter			Hills 21	✓	
Dave Juvet	122 N. Main, Concord		BIA		X
Susan Richman	16 Cowell Dr. Durham		self		X
Rep. Kevin Pratt	11 Smith Pond Rd Raymond		Rockingham	✓	

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 457-FN

BILL TITLE: **relative to state treasury pension and insurance fund management.**

DATE: **February 15, 2023**

LOB ROOM: **306-308** **Time Public Hearing Called to Order:** **10:00 a.m.**

Time Adjourned: **10:39 a.m.**

Committee Members: Reps. C. McGuire, Simon, T. Lekas, Bailey, True, T. Dolan, Abare, Gerhard, P. Schmidt, Goley, Schuett, F. Davis and Fitzpatrick

Bill Sponsors:

Rep. Bernardy	**Rep. Greeson**	**Rep. Hill**
Rep. Hobson	**Rep. Kofalt**	**Rep. Porcelli**
Rep. Spillane	**Rep. A. Turcotte**	**Rep. Vose**
Rep. Weyler	**Sen. Gannon**	

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep Bernardy introduced the bill

*Marty Karlan gave written testimony

*Kristy Merrill & Ryan Hale gave written testimony

*John Carlson gave written testimony

House Remote Testify

Executive Departments and Administration Committee Testify List for Bill HB457 on 2

Support: 2 Oppose: 21 Neutral: 0 Total to Testify: 0

Export to Excel

Name	City, State Email Address	Title	Representing	Position	Testifying	Non-Germane
Richman, Susan	Durham, NH susan7richman@gmail.com	A Member of the Public	Myself	Oppose	No	No
Levy, Jenny	Hanover, NH jenny.levy@hypertherm.com	A Member of the Public	Hypertherm, Inc.	Oppose	No	No
Robbins, Jill	Windham, NH info@homefreetreats.com	A Member of the Public	My company, Homefree, LLC	Oppose	No	No
Hackett, Rae	Concord, NH hackett@bonafide.eco	A Member of the Public	Bona Fide Eco + Refill Shop	Oppose	No	No
Bushueff, Catherine	Sunapee, NH agawamdesigns@gmail.com	A Member of the Public	Myself	Oppose	No	No
Werner, Rob	Concord, NH rob_werner@lcv.org	A Lobbyist	The League of Conservation Voters	Support	No	No
Kaplan, Susan	Lebanon, NH sskaplan01@gmail.com	A Member of the Public	Myself	Oppose	No	No
Steel, Sandy	PLAINFIELD, NH selizabethsteel@gmail.com	A Member of the Public	Myself	Oppose	No	No
Haring-Smith, Tori	Petrborough, NH Tharingsmith@gmail.con	A Member of the Public	Myself	Oppose	No	No
Coppola, Edward	Keene, NH edwardacoppola@gmail.com	A Member of the Public	Myself	Oppose	No	No
Lore, Jesse	Portsmouth, NH lore.jesse@gmail.com	A Member of the Public	Myself and my small business Green Wave LLC	Oppose	No	No
Veasey, Michelle	Atkinson, NH michelle@nhbsr.org	A Member of the Public	Myself	Oppose	No	No
Reardon, Donna	Concord, NH Bugs42953@aol.com	A Member of the Public	Myself	Oppose	No	No
Blanchard, Sandra	Loudon, NH sandyblanchard3@gmail.com	A Member of the Public	Myself	Oppose	No	No
Beffa-Negrini, Patricia	Nelson, NH pbeffa@me.com	A Member of the Public	Myself	Oppose	No	No
Grossi, Anne	Bedford, NH Adgrossi7982@gmail.com	A Member of the Public	Myself	Oppose	No	No
McKenney, Theresa	Dover, NH theresa.mckenney@nemoequipment.com	A Member of the Public	NEMO Equipment	Oppose	No	No
Richardson, Daniel	Nashua, NH daniel6_22@comcast.net	A Member of the Public	Myself	Support	No	No
Keefe, Joe	Rye, NH j.keefe@impaxam.com	A Member of the Public	Impax Asset Management, LLC	Oppose	No	No
Raven, Mary	Merrimack, NH marybeth.raven@gmail.com	A Member of the Public	Myself	Oppose	No	No
Shepardson, Marge	Marlborough, NH marge.shepardson@gmail.com	A Member of the Public	Myself	Oppose	No	No
Nute, Dana	Sanbornton, NH dnute@resilientbuildingsgroup.com	A Member of the Public	Myself	Oppose	No	No

Houghton, Trinnie	Bow, NH trinnie@rippleffectconsulting.com	A Member of the Public	Myself	Oppose	No	No

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

SUBCOMMITTEE WORK SESSION on HB 457-FN

BILL TITLE: relative to state treasury pension and insurance fund management.

DATE: March 10, 2023

Subcommittee Members: Reps. Simon, F. Davis, Gerhard, P. Schmidt and True

Comments and Recommendations:

MOTIONS: **OUGHT TO PASS WITH AMENDMENT**

Moved by Rep. Simon	Seconded by Rep. True	AM Vote: 4-0

Amendment # 2023-0898h

Moved by Rep. Simon	Seconded by Rep. True	Vote: 4-0

Respectfully submitted,

Rep. Matthew Simon
Subcommittee Chairman

NHRS
New Hampshire Retirement System

New Hampshire Retirement System
54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

NHRS Bill Testimony: SB 457

The NHRS Board of Trustees has had a long-standing concern about any legislation that could potentially impair our fiduciary duty to act in the best interests of our members.

Under existing constitutional and statutory provisions governing NHRS, as well as general trust law under the Internal Revenue Code, fiduciaries must follow the duty of loyalty at all times. Pursuant to RSA 100-A:15, I-a(a)(1), this duty requires NHRS fiduciaries, including its Board of Trustees and members of its Independent Investment Committee, to make all decisions "[s]olely in the interest of the participants and beneficiaries."

Further, Part I, Article 36-a of the NH Constitution requires that:

"All of the assets and proceeds, and income there from, of the New Hampshire retirement system ... and of any and all other retirement systems for public officers and employees operated by the state or by any of its political subdivisions, and of any successor system, and all contributions and payments made to any such system to provide for retirement and related benefits ... shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such benefits and shall not be encumbered for, or diverted to, any other purposes."

In lay terms, the goal has always been – and continues to be – to make prudent, long-term investments that provide the best chance of meeting or exceeding our assumed rate of return, while balancing risk and liquidity.

This is not a new position. In 1987, legislation was considered to mandate that the retirement system divest from companies that did business in Northern Ireland and failed to take substantial action regarding the "McBride Principles," which dealt with hiring practices regarding under-represented religious groups in Northern Ireland. At the time, external legal counsel warned NHRS that legislation adding non-fiduciary factors to the use of retirement funds would mean that these funds would be no longer used for "the exclusive purpose" for providing benefits, but would also be used for the divergent collateral purpose of effecting social or political change.

Regardless of how well-intentioned the goal of this legislation may be, our concern is that proposals such as this – whether emanating from the left or the right – have the potential to curtail our ability to effectively discharge our fiduciary duty.

CURRENT RSA 100-A: 16, VII (WHICH WILL NOT CHANGE UNDER AMENDMENT)

VII. (a) Every employer shall report to the retirement system annually, on or before February 15, in a format provided by the retirement system, all compensation paid by, and the total hours worked for, the employer by each retired member of the retirement system, including the name of, and the total hours worked, for each retired member of the retirement system, except that an employer shall not include in the report the compensation and hours worked by a retiree for serving as an elected state official or as an elected official of a political subdivision in either a group I or group II position.
(b) Notwithstanding any other provision of law, employers may be subject to a penalty of up to $25 per day for noncompliance with the data reporting requirements of subparagraph (a), including data that was not timely remitted or data that cannot be processed at the times designated by the board of trustees due to data reporting errors by the employer. Before a penalty is assessed, the board shall notify the employer in writing of the noncompliance, identifying the reasons for the finding of noncompliance, and shall request the employer to explain to the board in writing within 30 days of the notification how the noncompliance occurred. Upon expiration of the 30 day period, the board may impose all or a portion of the penalty provided for in this paragraph, unless there is a showing that the employer did not willfully, intentionally, through gross negligence, or through a pattern of negligence fail to file the data as required.



My name is John Carlson, Manager for State Policy at Ceres. I am providing testimony on behalf of Ceres itself along with the 200 members of our Investor Network who collectively have over $30 trillion AUM and the 80 members of the Ceres Business for Innovative Climate and Energy Policy (BICEP) Network many of which have investments and interests in New Hampshire.

We have strong concerns over House Bill 457, which would prohibit the state treasurer and New Hampshire Retirement System from conducting business with any financial institution that prioritize social, political, or ideological interests above – and this is key - *or in concert* with the traditional fiduciary duty to maximize financial benefit. Many investors, including our members, view environmental social and governance (also known as ESG) considerations as important to the *financial performance* of their investments. Regardless of your agreement with that statement, it is not the role of government to dictate which considerations are allowed over the considered judgement of financial professionals in the field.

Furthermore, adoption of this bill may effectively prohibit investment in private markets as well as the use of active public managers, while inhibiting a free market in New Hampshire at large. There is detailed analysis demonstrating that such legislation will hurt New Hampshire's economy and citizens through reduced returns to pensioners and increased costs to taxpayers.

Most recently, the Indiana State Legislative Services Commission released a fiscal analysis projecting a $6.7 billion decrease to pension fund returns if a current bill mandating that Indiana's public pension system divest from firms or funds that consider so-called "non-financial" criteria is adopted (HB 1008). Not only does a decrease in investment earnings hurt pensioners, but it also places a burden on state employers to address unfunded liability in defined benefit funds and make up for lower investment returns through increased employer contributions and state fund appropriations over time.

Similar investment-restricting legislation in Texas is also costing taxpayer hundreds of millions of dollars. In just the first eight months since the passage of a similar law in Texas, the state burdened taxpayers with $303-$532 million in additional interest on their bonds, as a result of restricting the number of banks that can finance Texas' public debt.

Pension fund managers must consider all risks and opportunities in order to ensure their organizations remain profitable over the long term and that they fulfill their fiduciary responsibility on behalf of their beneficiaries. Consideration of a variety of risk financial factors has become mainstream practice in the assessment of risk and return in the investment industry, especially as more data has become available to investors. By limiting the criteria pension fund managers can consider, the state would be interfering with their ability to fulfill their fiduciary duties and responsibilities.

We urge the committee to consider the severe implications HB 457 will have on New Hampshire's pensioners, financial institutions, and the economy at large and oppose this bill.

February 14, 2023

To: Chairperson McGuire and members of the House Committee on Executive Departments and Administration

Re: Written Testimony in Opposition to **HB 457, relative to state treasury pension and insurance fund management**

Dear Chairperson McGuire and members of the House Committee on Executive Departments and Administration,

Please accept this Written Testimony in Opposition to **HB 457, relative to state treasury pension and insurance fund management.**

If enacted, HB 457 expose state treasury pension and insurance fund management to financial risks made more likely by recent weather events, such as flooding, drought, shore erosion, fire and tornadoes. For a number of years now, insurance companies have known to factor in such dangers when measuring risk for any entity seeking insurance.

As a member of the NH State Retirement system, I want these risks taken into consideration by the managers of this fund. As a NH resident, I want my state's treasury also to take these risks into consideration in their investment decisions.

To forbid the weighing of these elements in financial decisions is essentially a gag order, forbidding free speech. If enacted, it would invite costly and lengthy litigation.

Thank you for your consideration.

Susan Richman
16 Cowell Drive
Durham, NH 03824
Susan7richman@gmail.com 603 868-2758

February 15, 2023

House Executive Departments and Administration Committee
New Hampshire House of Representatives

Dear Members of the House Executive Departments and Administration Committee,

On behalf of New Hampshire Businesses for Social Responsibility, I am writing to oppose HB457, relative to state treasury pension and insurance fund management. Environment, social and governance (ESG) factors help investors at all levels understand whether a company is managed in a way that aligns with their investment objectives. Many companies report on and evaluate risks associated with climate change because it is a material risk to their operations and their supply chains.

The financial impacts of the issues ESG measures, including climate change, are significant to businesses in our state and threaten the safety of our communities. Banning evaluation of factors that impact stakeholders, including shareholders, for state-held funds, sends a chilling message through the investment community and limits the ability of our state to grow our economy. We need policies that attract new business opportunities and expand our workforce.

Incorporating ESG factors into financial decision making is a smart investment practice and widely used among corporate investors and institutions. I encourage the members of this committee to move this legislation to the floor as inexpedient to legislate.

Sincerely,

Michelle Veasey, Executive Director
New Hampshire Businesses for Social Responsibility

Jill Robbins

Short-term financial gain cannot be the only determining factor in our decision making. Climate and sustainability must be considered in all of our decisions, for the short-term and long-term well-being of our communities and world. And we must have the right as companies to act accordingly. Maintaining a livable environment is in the best long-term interest of our employees and communities. As we have seen in the rapidly increasing impacts of global warming, including drought in New Hampshire, not taking action results in enormous economic losses that ultimitely we all bear.

Susan Kaplan

I am writing to oppose HB457, which is focused on banning analysis of environmental, social, and governance factors in investment decisions for funds held within the NH Retirement System. Bills like this are designed to eliminate any evaluation of climate risk and other important sustainability metrics from investment decisions.

The risks related to accelerating global warming are here in New Hampshire, with more and more severe flooding, droughts, and species like moose struggling to survive. Have you noticed how few snow days on the mountains in the past years? Can you grasp the date at which ice IN came to Lake Winnipesaukee?

If this bill goes through, those who are vested in the NH Retirement System are at risk for their future investments because without the ESG screening, state employees may likely be locked into investments that will have lower yields due to the companies in the funds' unsustainable practices.

This bill is more than a camel's nose under the tent. Please reject this bill!

Thank you.

Tori Haring-Smith

The individuals making investment decisions for the NH retirement funds should have all the information available to allow them to invest in ways supported by their constituents' values and their own ethics. Why would anyone ever deny information to decision-makers?

Edward Coppola

NH should not ban analysis of ESG factors in investment decisions for funds held within the NH Retirement System. Bills like this are designed to eliminate evaluation of climate risk and other important sustainability metrics from investment decisions. Maintaining an innovative and free market environment is important to our state's prosperity.

Jesse Lore

Dear Members of the House Executive Committee:

I am writing in opposition to HB457 because it erroneously supposes that the financial benefits of investment are independent of environmental, social, and governance factors involved in investment decisions. Today, many studies show that investments in funds and in companies that are focusing on a more sustainable society actually perform better than the market as a whole. (See: https://hbr.org/2022/04/yes-investing-in-esg-pays-off; https://www.usatoday.com/story/money/2023/01/04/esg-investing-explainer/10542259002/?gnt-cfr=1; et al.) This bill, as written, would prevent the state treasurer and retirement system from following current best practices in investment and leave New Hampshire poorer in the process.

In addition, this bill would have a negative impact on attracting businesses to the state. A statute that is hostile to sustainable and ESG investments would deter successful business owners from choosing to contribute to the New Hampshire economy.

Finally, this statute would limit the will of the voters in electing leaders who can make decisions about the best way to spend state funds. Today, if an elected administration wants to direct investment decisions towards or away from sustainable funds, they are allowed to do that. The voters can respond by evaluating these officials' decisions on their merit in regular election cycles. This statute would tie the hands of elected administrations and thereby reduce their voting power.

Please reject this statute.

-Jesse Lore
Small Business Owner.
Portsmouth, NH.
lore.jesse@gmail.com

Donna Reardon

Please vote against HB 457. This bill shows the biases that it's sponsors have related to our environment and social issues which the majority of NH voters don't agree. The retirement system investments have been doing very well financially. They should keep doing what they are doing without this interference. I am a retiree, and should have more of a say than a state representative.

Theresa McKenney

NEMO Equipment is an outdoor gear brand based in Dover, NH. We believe that ESG issues, including climate change, carry risks that should be considered in investment decisions. By banning analysis of ESG factors in investment decisions for funds held within the NH Retirement System, important risks are not being considered that could negatively impact New Hampshire citizens. NEMO is against HB 457 as it does not accurately protect the long term financial stability of New Hampshire citizens who are part of the NH Retirement System.

Joe Keefe

Honorable Chair McGuire, Vice Chair Simon and distinguished members of the House Executive Departments and Administration Committee:

Thank you for allowing me to testify in opposition to House Bill 457. I am the President, North America of Impax Asset Management, a specialist asset manager with approximately $49.7bn in both listed and private market strategies, investing in the opportunities arising from the transition to a more sustainable global economy.

This bill prohibits the state treasurer and the retirement system conducting business with any financial institution or proxies which prioritize social, political, or ideological interests above or in concert with the traditional fiduciary duty to maximize financial benefit

Climate change and other ESG issues — for example human capital issues such as diversity and inclusion — can be material to how companies perform and therefore to how retirement funds invested in those companies perform. A large body of academic and financial research confirms this. Careful consideration of sustainability or ESG factors can help spotlight risks and opportunities that companies — and therefore investors — face in a global economy that is transitioning from an industrial-age model to a more sustainable model.

It was recently suggested in a Union Leader op ed piece that so-called ESG funds perform poorly, noting that most aren't invested in Chevron or Exxon Mobil and thus lost money when those companies performed well last year. However, looking at the previous 10 years is a lot more relevant because retirement investors are long-term investors. Had you bought Exxon shares in 2008 you would have lost 65% of your investment by 2020. You would have lost money investing in Chevron (or Shell or BP) as well. Anyone who looks at a single year to make such claims simply doesn't understand investing.

Indeed, if a single year were meaningful, Morningstar — perhaps the most authoritative source of fund research in the U.S. — has reported that in 2021 companies with strong ESG metrics making up its U.S. Sustainability Leaders Index returned 33.3%, beating the broader U.S. market by more than 8%. So much for single-year comparisons.

Morningstar has also reported that approximately 60% of ESG funds outperformed non-ESG funds over the 10-year period ending in 2020. "The findings debunk the myth that there is a performance penalty associated with ESG investing," said a Morningstar spokesperson.

The effort to limit or mandate choices available to retirement investors is politics, pure and simple, not a market-based approach to managing retirement assets. Fiduciaries who administer retirement plans are duty-bound to consider all factors that are likely to be material, including environmental, social and governance factors. To ignore these issues — or worse, to substitute the views of politicians for

fiduciaries and financial professionals — will not only lead to sub-par investment outcomes but likely constitutes a breach of fiduciary duty.

New Hampshire's retirement investors will not be well served by restricting investment choices available to them, substituting politics for the marketplace.

Investors are beginning to express a marked preference for investments that incorporate climate and other ESG concerns. A 2021 Schroders study found 69% of respondents said they would or might increase their contribution amounts if their retirement plans included ESG options. A 2021 Russell Investments survey of asset managers found that 82% of U.S.-based asset managers now systematically incorporate ESG information into their investment process. The proportion approaches 100% in the United Kingdom and Europe.

All factors must be considered as we navigate the risks and opportunities accompanying the transition to a more sustainable economy. It will help retirement plan investors build more resilient portfolios in the years ahead. It is not only in their best interests, but their economic security will likely depend on it.

Thank you.

Mary Raven

I oppose this bill because it limits transparency. Anyone who might ever get a NH State pension should care about where their money is being invested. We need to know about the environmental, social and governance history of where retirement investments are going.

If we ban analysis of GOVERNANCE then we run the risk being defrauded-- we need governance to make sure that nobody is embezzling the money! To ban analysis of governance in retirement funds is completely abdicating any responsibility to make sure that the funds are managed properly. Passing this legislation would be irresponsible.

Dana Nute

Resilient Buildings Group of Concord, believes strongly in creating a more sustainable New Hampshire business environment. This is very important in maintaining a strong New Hampshire

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 457-FN

BILL TITLE: relative to state treasury pension and insurance fund management.

DATE: March 10, 2023

LOB ROOM: 306-308

MOTIONS: **OUGHT TO PASS WITH AMENDMENT**

Moved by Rep. Simon	Seconded by Rep. True	AM Vote: 19-0

Amendment # 2023-0898h

Moved by Rep. Simon	Seconded by Rep. True	Vote: 20-0

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep Matthew Simon, Acting Clerk

Carrie Morris

From: shane sirois <shanesirois@msn.com>
Sent: Monday, March 13, 2023 10:30 AM
To: Carrie Morris
Subject: HB457 & HB559

Caution! This message was sent from outside your organization.

HB457
Amendment 0898h
Motion: OTP
Moved by Rep. Simon
Seconded by Rep. True
Vote: 19 Yeas - 0 Nays

HB457
Motion: OTP/A
Moved by Rep. Simon
Seconded by Rep. Gould
Vote: 20 Yeas - 0 Nays

Consent Calendar: Yes

HB559
Amendment 0905h
Motion: OTP
Moved by Rep. Lekas
Seconded by Rep. True
Vote: 10 Yeas - 10 Nays

HB559
Motion: Retain
Moved by Rep. Grote
Seconded by Rep. Gould
Vote: 20 Yeas - 0 Nays

Shane Sirois
NH. State Representative
Hillsborough County #32
603.913.4790

THE GENERAL COURT OF
New Hampshire