



Commonwealth of Massachusetts - H.3662 and S.636

(Successor to H.4365 in 2017-2018)

LOCAL OPTION BILL THAT WOULD ALLOW PUBLIC PENSIONS TO DIVEST FROM FOSSIL FUEL COMPANIES, IF THEY CHOOSE

With 78
Cosponsors!

Representative Dylan Fernandes (Barnstable, Dukes & Nantucket) and
Representative Jay Livingstone (Eighth Suffolk) co-filed the bill in the House.
Senator Marc Pacheco (First Plymouth & Bristol) filed in the Senate.

Why divest from fossil fuels?

The fossil fuel era is ending and is being replaced by a low-carbon economy. This is necessary to mitigate climate change. Prudent investors must recognize climate-related financial risks and manage their portfolios accordingly, to fulfill their fiduciary duty. By divesting, retirement systems eliminate exposure to substantial losses from the fossil fuel industry, which is now considered high risk.

Purpose of Bill:

To allow local, independent public retirement systems, subject to oversight by the Public Employee Retirement Administration Commission (PERAC), to divest their holdings in full or in part from the fossil fuel industry. Currently, PERAC is blocking systems from doing so, stating that there needs to be a statutory requirement. There are 104 independent public retirement systems in MA with nearly \$86 billion in combined assets. These funds are separate from the MA Pension Reserves Investment Trust, which has nearly \$71 billion in assets. A review of the holdings for Somerville and Cambridge shows that less than 4% of their total assets under management were in fossil fuels.

Legislative History:

This bill is a direct reflection of feedback from leadership on the Public Service Committee. It is a successor to H.4365, filed by Rep. Provost in 2018: An Act authorizing the Somerville Retirement Board to divest from fossil fuel companies. In a letter to Rep. Provost from Public Service Committee Chair Rep. Parisella dated May 8, 2018, he suggested a legislative approach that allows retirement systems to make investment decisions based on social concerns, while maintaining their fiduciary duty to retirees, and eliminates the need for many home rule petitions and divestment bills in future legislative sessions.

Who supports fossil fuel divestment?

Municipalities that have passed resolutions in support of fossil fuel divestment include: Amherst¹, Boston², Brookline³, Cambridge⁴, Concord⁵, Falmouth⁶, Framingham⁷, Great Barrington⁸, Lexington⁹, Lowell¹⁰, Newton¹¹, Northampton¹², Provincetown¹³, Somerville¹⁴, Sudbury¹⁵, and Truro¹⁶.

Five public sector unions have endorsed fossil fuel divestment: SEIU Local 509¹⁷, SEIU Local 888¹⁸, MA Nurses Association¹⁹, Boston Teachers Union²⁰, and MA Teachers Association²¹. Educational institutions that have committed to divest in full or in part, include Boston University²², Brandeis University²³, Hampshire College²⁴, Salem State University²⁵, and University of Massachusetts²⁶. Notably, the MA Clean Energy Center²⁷ also has divested.

Attorney Generals From Massachusetts and New York Investigate Exxonmobil For Defrauding Investors Regarding Financial Risk

Attorney General Maura Healey and New York's AG are investigating Exxon Mobil for misleading investors and consumers regarding financial risk and the impact of fossil fuels on climate change.

"The Attorney General's Office has the authority to investigate Exxon's conduct and we are proceeding. The public deserves answers from this company about what it knew about the impacts of burning fossil fuels, and when." Healey said in January.

In addition, nine US cities and counties, including New York City, San Francisco, Oakland have filed lawsuits against a range of oil, gas, and coal companies, each seeking damages worth billions of dollars to help pay for current and future infrastructure updates necessitated by climate change.

Want to support this bill? Email Ms. Randi Mail of MassDivest at randi@massdivest.org,
Lizzie Roche, Legislative Aide to Rep. Fernandes at elizabeth.roche@mahouse.gov or
Kyle Murray, Legislative Director to Sen. Pacheco at kyle.murray@masenate.gov.

AROUND THE WORLD, 1000+ ORGANIZATIONS HAVE COMMITTED TO DIVEST FROM FOSSIL FUELS, WITH COMBINED ASSETS OF \$8 TRILLION³⁶.

In the United States, pensions committed to divesting from fossil fuels in full or in part, include the California Public Employees' Retirement System²⁹, California State Teachers' Retirement System³⁰, City of Providence Rhode Island³¹, District of Columbia Retirement Board³², New York City Employees Retirement System³³, Teachers Retirement System of the City of New York³⁴, and Village of Cooperstown³⁵.

Globally, over 130 pension funds³⁷ have divested from fossil fuels in Australia, Denmark, France, Germany, Netherlands, New Zealand, Norway, Sweden, Switzerland, and the UK.

The fossil fuel divestment movement is growing exponentially and in the financial mainstream.

To learn more, visit massdivest.org and fossilfreesomerville.org.

Investing in fossil fuels is increasingly risky. The energy transition presents big financial opportunities.²⁸



If we are to stay well below 2°C as the Paris Agreement requires, more than 75% of fossil fuel reserves have to stay in the ground. Fossil fuel companies therefore face the reality of stranded assets and \$33 trillion lost revenue.



Demand for fossil fuel power is expected to decline from 2020. Renewable energy and electric cars becoming cheaper, and government policies to address climate change and pollution, are driving the change.



There are an increasing number of legal cases against fossil fuel companies for damage caused by climate change and for misleading investors about the risks of climate change. This increases the financial risks of investing in these companies.