

2025 Regular Session

SENATE BILL NO. 7

BY SENATOR HODGES

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT BENEFITS. Requires fiduciaries of public retirement systems to make investment decisions based solely on financial factors. (6/30/25)

1 AN ACT

2 To enact R.S. 11:263.1, relative to requiring a service provider to use only financial factors

3 when discharging its duties with respect to retirement plan investments; to provide

4 that financial factors do not include factors related to furthering environmental,

5 social, political, or ideological goals, objectives, or outcomes; to provide for proxy

6 voting; to provide for the use of advice from proxy advisory firms; to provide for

7 definitions; to provide for enforcement; to provide for an effective date; and to

8 provide for related matters.

9 Notice of intention to introduce this Act has been published.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:263.1 is hereby enacted to read as follows:

12 **§263.1. ESG Public Retirement Protection**

13 **A. In addition to the requirements of R.S. 11:263, third-party service**

14 **providers shall use only financial factors when making an investment of system,**

15 **fund, or plan assets.**

16 **B.(1) A shareholder proxy vote to which this Section applies shall be cast**

17 **in keeping with the standards and responsibilities for fiduciaries and based**

1 solely on financial factors as provided in R.S. 11:263(D)(3) and Subparagraph
2 (D)(3)(a) of this Section.

3 (2) Each system, fund, or plan to which this Section applies may retain
4 a proxy firm, investment manager, or advisory service to assist the system, fund,
5 or plan in exercising shareholder proxy rights or vote shares if the service
6 provider commits to act solely upon financial factors and to follow the
7 applicable guidelines as adopted and provided by the system, fund, or plan.

8 (3) Each system, fund, or plan to which this Section applies shall not sell
9 its shareholder proxy right, including but not limited to the shareholder proxy
10 vote.

11 (4) On an annual basis, each system, fund, or plan to which this Section
12 applies shall report to the board all proxy votes related to publicly managed
13 assets. This report shall include a proxy voting summary and shall be posted on
14 a publicly available webpage on the website of the system, fund, or plan.

15 (C)(1) Exclusive authority to investigate or bring an action related to
16 compliance with this Section is vested in the attorney general of this state. If the
17 attorney general has reasonable cause to believe that a service provider has
18 engaged in, is engaging in, or is about to engage in an ESG commitment, as a
19 violation of this Section, the attorney general may do any of the following:

20 (a) Require the service provider to file in writing, on forms as the
21 attorney general prescribes, a statement or report, under oath, as to all the facts
22 and circumstances concerning the violation.

23 (b) Request data and information as the attorney general may deem
24 necessary.

25 (2) In addition to any other remedies available at law, if a service
26 provider violates the provisions of this Section, the attorney general may bring
27 a cause of action against the service provider in the Nineteen Judicial District
28 Court. Based upon the evidence, the court shall order damages against the
29 service provider in an amount which is no more than three times the monies

1 paid to the service provider by the system, fund, or plan for the services. The
2 damages shall be paid to the state of Louisiana and shall be appropriated by the
3 legislature to pay down the unfunded accrued liability of the system, fund, or
4 plan for which the service provider was hired.

5 D. As used in this Section, the following terms shall have the following
6 meaning unless the context clearly indicates otherwise:

7 (1) "Service provider" means any third-party fiduciary acting on behalf
8 of the board, system, fund or plan as a manager of publicly managed assets,
9 proxy firm, or contractor of any public retirement or pension systems, fund, or
10 plan.

11 (2)(a) "ESG commitment" means an action taken or a factor considered
12 by a service provider with respect to or including the assets of the system, fund,
13 or plan and with the nonfinancial purpose to further environmental, social,
14 political, or ideological goals, objects, or outcomes based on evidence indicating
15 no direct and material connection to the financial risk or financial return of an
16 investment.

17 (b) "ESG commitment" includes a commitment to further, through
18 shareholder votes, any of the following for nonfinancial purposes:

19 (i) The elimination, reduction, offsetting, or disclosing of greenhouse gas
20 emissions.

21 (ii) The institution or assessment of composition, compensation, or
22 disclosure criteria of membership or staffing of any corporate board that
23 incorporates characteristics protected in this state.

24 (iii) Divestment from limitation of interest in or limitation of activities
25 or investments of any company for failing, or not committing, to meet
26 environmental standards or disclosures.

27 (iv) Access to abortion or sex or gender change or transgender surgery.

28 (v) Divestment from limitation on investment in or limitation on the
29 activities or investments of any company that engages in, facilitates, or supports

1 the manufacture, import, distribution, marketing or advertising, sale, or lawful
2 use of firearms, ammunition, or components parts and accessories of firearms
3 or ammunition.

4 (vi) Divestment from limitation on investments in or limitation on the
5 activities of investments of any company that engages in, facilitates, or supports
6 the manufacture, export, distribution, marketing, advertising, or use of
7 petroleum, oil, or gasoline products extracted, produced, or refined in the state
8 of Louisiana or any other state in the United States of America.

9 (vii) The acquisition of immovable property by foreign adversaries as
10 prohibited by R.S. 9:2717.1.

11 (c) Any of the following factors may be considered as evidence of an ESG
12 commitment:

13 (i) Letters to clients.

14 (ii) Statements.

15 (iii) Reports.

16 (iv) Communications with portfolio companies.

17 (v) Advertising.

18 (vi) Statements of principles or policies, whether made individually or
19 jointly.

20 (vii) Votes of shares or proxies.

21 (viii) Participation in, affiliation with, or status as a signatory to any of
22 the following:

23 (aa) A coalition.

24 (bb) An initiative.

25 (cc) An agreement.

26 (dd) A commitment to which the fiduciary is a participant, affiliate, or
27 signatory.

28 (3)(a) "Financial" means factors a prudent person in a like capacity
29 would reasonably determine to have a direct and material connection to the

1 **financial risk or financial return of an investment based on an appropriate**
 2 **investment horizon consistent with the investment objective and funding policy,**
 3 **which include but are not limited to these factors provided for in R.S.**
 4 **11:263(D)(3).**

5 **(b) The term does not include an action taken or a factor considered by**
 6 **a service provider to further environmental, social, political, or ideological**
 7 **goals, objects, or outcomes as set forth in Subparagraph (D)(2)(b) of this**
 8 **Section.**

9 Section 2. This Act shall become effective on June 30, 2025; if vetoed by the
 10 governor and subsequently approved by the legislature, this Act shall become effective on
 11 June 30, 2025, or on the following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Alana M. Perrin.

SB 7 Original

DIGEST
2025 Regular Session

Hodges

Proposed law requires fiduciaries such as a manager of publicly managed assets, proxy firm, or contractor of any public retirement or pension system, fund, or plan to discharge its duties solely for the exclusive purpose of providing financial benefits to participants and their beneficiaries. Proposed law requires third-party providers to take into account only financial factors with respect to a retirement plan and prohibits financial factors that include any action taken, or factor considered, by a fiduciary with any purpose to further environmental, social, political, or ideological goals, objects, or outcomes.

Proposed law provides that the provisions of proposed law may be enforced by the attorney general. Proposed law requires that a manager of publicly managed assets, proxy firm, or contractor of any public retirement or pension system that violates this duty be obligated to pay damages.

Effective June 30, 2025.

(Adds R.S. 11:263.1)