

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1069

Introduced by Haar, 21.

Read first time January 20, 2016

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to state funds; to amend section 72-1260,
- 2 Reissue Revised Statutes of Nebraska; to declare findings; to define
- 3 terms; to provide duties and responsibilities relating to investment
- 4 in energy-related companies or funds; to require a report; to
- 5 harmonize provisions; and to repeal the original section.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. The Legislature finds and declares that:

2 (1) The State of Nebraska has a responsibility to consider the
3 implications of its investments on the future of the state and the long-
4 term impacts of such investments on its citizens. Investment policies
5 have had significant impacts on the direction of public policies
6 throughout the world. Nebraska has shown leadership that has made a
7 difference through its investment policies, including being one of the
8 first states to pass legislation requiring divestment from companies
9 doing business with South Africa during the period of apartheid and its
10 adoption of the MacBride Principles related to civil unrest in Northern
11 Ireland;

12 (2) Climate change presents serious, diverse, and ongoing issues for
13 the economy and the health and well-being of Nebraskans, with projections
14 of far more serious impacts on future generations. There is a scientific
15 consensus that fossil fuels are the major contributor to accelerated
16 rates of climate change. Fossil fuel investments are becoming
17 increasingly risky as governments, institutions, businesses, and
18 individuals create policies and carry out strategies to reduce emissions
19 from fossil fuels. Fossil fuel investments, particularly coal and oil,
20 are losing value, becoming more volatile, and increasingly failing to
21 fulfill prudent investment standards. The number of institutions,
22 governmental bodies, and businesses that are divesting from fossil fuels
23 is rapidly increasing; and

24 (3) Clean energy investments can provide financial benefits for the
25 people of Nebraska, including great potential returns from investments in
26 wind and solar energy within the state. Clean energy investments have the
27 potential to attract other investments to Nebraska. There are increasing
28 opportunities for clean energy investment as a result of the federal
29 Environmental Protection Agency's Clean Power Plan, renewable portfolio
30 standards in other states, and international agreements on climate
31 change. Clean energy investments are increasing throughout the world and

1 represent greater stability and better rates of return, both now and in
2 the long-term future.

3 Sec. 2. For purposes of sections 1 to 4 of this act:

4 (1) Clean energy means energy that does not emit greenhouse gases or
5 other pollutants or reduces the amount or impact of greenhouse gas
6 emissions generated by fossil fuels;

7 (2) Clean energy investment means an investment in companies, funds,
8 or institutions that are engaged in clean energy development;

9 (3) Divestment means the removal of investment assets from
10 companies, funds, or institutions that profit from the extraction or
11 burning of fossil fuels;

12 (4) Fossil fuel means fuel derived from decayed prehistoric plant
13 and animal matter extracted from the earth, including coal, oil, natural
14 gas, and their derivatives; and

15 (5) Substantial means fifty percent or more.

16 Sec. 3. The state investment officer shall review all major
17 investments of the State of Nebraska and do the following:

18 (1) Determine the extent to which state funds are invested in
19 companies or funds which derive a substantial portion of their revenue
20 from extraction or combustion of fossil fuels;

21 (2) Review the extent to which state funds are invested in companies
22 or funds which derive a substantial portion of their revenue from clean
23 energy and opportunities for investment in clean energy;

24 (3) Create a plan to divest from fossil fuels and invest in clean
25 energy based on the findings made pursuant to this section;

26 (4) Begin the process of divestment from companies or funds that
27 profit from extraction or burning of fossil fuels to the extent it is
28 consistent with prudent investment strategies; and

29 (5) Begin the process of investment in companies or funds that
30 profit from creation of clean energy to the extent it is consistent with
31 prudent investment strategies.

1 Sec. 4. Not later than December 15, 2016, the state investment
2 officer shall provide a report on the status of fossil fuel divestment
3 and clean energy investment to the Governor and to the Clerk of the
4 Legislature. The report to the Legislature shall be submitted
5 electronically.

6 Sec. 5. Section 72-1260, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 72-1260 Sections 72-1237 to 72-1260 and sections 1 to 4 of this act
9 shall be known and may be cited as the Nebraska State Funds Investment
10 Act.

11 Sec. 6. Original section 72-1260, Reissue Revised Statutes of
12 Nebraska, is repealed.