



STATE OF MAINE
OFFICE OF THE STATE TREASURER

39 State House Station, Augusta, ME 04333-0039

www.maine.gov/treasurer

HENRY E.M. BECK, ESQ.
State Treasurer

MATTHEW COLPITTS

Deputy State Treasurer

February 10, 2021

Senator Joseph Rafferty, Chair
Representative Michael Sylvester, Chair
Joint Standing Committee on Labor Housing
Via Electronic Delivery

Statement in Support of Goals of LD 99, *An Act To Require the State To Divest Itself in Assets of the Fossil Fuel Industry* (Rep. O'Neil of Saco)

I write in support of the goals of this important legislation and thank Rep. O'Neil for her work and leadership on this issue. My office's support of this legislation is based on the belief that curbing climate change requires, in part, intentional government action, crafted with fiduciary obligations in mind. Please be aware I submit this testimony in support only in my capacity as Treasurer of State. My comments or views do not reflect the comments or views of any board on which the Treasurer of State is an ex-officio member.

Treasurer's cash pool and trust funds: LD 99 seeks to divest state assets from the fossil fuels industry. The state has liquid assets outside of MPERS, namely the operating cash-pool and various trust funds for specific purposes. These funds are arguably meet a purer definition of state "assets" and could achieve one implicit purpose of LD 99, that the State end relationships that depend on further consumption of fossil fuels. Unlike MPERS, the Treasurer's cash pool does not invest in equities. Permissible investments are listed in 5 M.R.S. Sec. 135 and within the Treasurer's Investment Policy. These investments could easily be insulated from fossil fuels. The same is possible with the State's trust funds which are valued at approximately \$65MM, including \$52MM in equities, only 3% which is in the energy sector. This low exposure illustrates another point that there has been a recent move away from energy, especially in fossil fuels by certain public funds without legislative requirement. If the Committee pursued this option, I request a realistic timeline be set, a fiduciary duty exception be made, and some de-minimis energy exposure be allowed.

As Treasurer, I stand ready to assist the Committee in its work, will of course comply with any directives laid out in statute, and again thank Rep. O'Neil for tackling this complicated but urgent issue.