

2022 Regular Session

HOUSE RESOLUTION NO. 203

BY REPRESENTATIVE FRIEMAN

BANKS/BANKING: Creates the Environmental, Social, and Governance Criteria Task Force to study and make recommendations regarding regulation of ESG criteria in lending and investment practices

1 A RESOLUTION

2 To create the Environmental, Social, and Governance Criteria Task Force to study and make
3 recommendations regarding regulation of the use of environmental, social, and
4 governance (ESG) criteria in lending and investment practices.

5 WHEREAS, Forbes reports that investment entities including Bloomberg, the
6 Standard & Poor's, and the Dow Jones study and assign ratings or scores to businesses based
7 on their performance in fulfilling certain ESG criteria; and

8 WHEREAS, Investopedia reports that mutual funds, brokerage firms, and certain
9 advisors offer investment products that employ ESG criteria; and

10 WHEREAS, the CFA Institute reports that environmental factors considered in an
11 ESG rating include but are not limited to climate change and carbon emission initiatives, air
12 and water pollution initiatives, energy efficiency, and water scarcity initiatives; and

13 WHEREAS, Forbes reports that social factors considered in an ESG rating include
14 but are not limited to LGBTQ+ equality, racial diversity, and inclusion programs; and

15 WHEREAS, the CFA Institute reports that governance factors considered in an ESG
16 rating include but are not limited to board composition, executive compensation, lobbying
17 efforts, political contributions, and whistleblower policies; and

18 WHEREAS, the use of ESG scores or ratings in investing decisions may lead to
19 money being disproportionately invested based on a company's public support of certain
20 political agendas, rather than based on a company's profitability; and

1 WHEREAS, funds being invested in unprofitable companies merely because of their
2 public support of certain political ideologies may lead to individuals losing their
3 investments; and

4 WHEREAS, the retirement accounts of certain individuals are managed by
5 investment advisors who utilize ESG criteria; and

6 WHEREAS, it is in the interest of the residents of Louisiana to know if their
7 investment funds are being properly managed; and

8 WHEREAS, the Wall Street Journal reported in January 2020 that sixty-seven
9 percent of banks screen their loan portfolios for ESG risks; and

10 WHEREAS, it is in the interest of the residents of Louisiana to be approved for
11 personal loans if they are in need of funds and are financially able to repay loans for such
12 funds, regardless of their political beliefs or ideologies; and

13 WHEREAS, it is within the power of the House of Representatives to form task
14 forces to study and make recommendations to the legislature concerning matters of
15 importance to the residents of Louisiana.

16 THEREFORE, BE IT RESOLVED that the House of Representatives of the
17 Legislature of Louisiana does hereby create the Environmental, Social, and Governance
18 Criteria Task Force to study and make recommendations regarding regulation of the use of
19 ESG factors in lending and investment practices.

20 BE IT FURTHER RESOLVED that the Environmental, Social, and Governance
21 Criteria Task Force shall be composed of the following members:

22 (1) The commissioner of the office of financial institutions or his designee.

23 (2) The state treasurer or his designee.

24 (3) A representative of the Louisiana Credit Union League.

25 (4) A representative of the Louisiana Association of Business and Industry.

26 (5) A representative of the Louisiana Bankers Association.

27 BE IT FURTHER RESOLVED that the commissioner of the office of financial
28 institutions or his designee shall serve as chairman of the task force until its first meeting at
29 which time the members of the task force shall elect a chairman of the task force from their
30 membership.

1 BE IT FURTHER RESOLVED that the matters which the task force shall examine
2 are to include, without limitation, all of the following:

3 (1) The factors used to formulate ESG ratings and scores.

4 (2) Whether a business's ESG rating or score has a correlation to the business's
5 profitability.

6 (3) Whether a business's ESG rating or score has a correlation to the business's credit
7 worthiness.

8 (4) Whether lending companies are utilizing ESG criteria to formulate ESG ratings
9 or scores for individuals applying for personal loans and mortgages.

10 (5) Whether lending companies are using ESG criteria to deny individuals'
11 applications for personal loans or mortgages, notwithstanding the individual's credit
12 worthiness.

13 BE IT FURTHER RESOLVED that the task force shall consult with and seek
14 information and guidance from the Federal Reserve Board and the National Association of
15 Credit Unions.

16 BE IT FURTHER RESOLVED that the task force shall submit its findings regarding
17 the matters enumerated in this Resolution, as well as any other findings concerning the
18 utilization of ESG criteria in lending and investment practices as deemed appropriate by the
19 chairman of the task force, in the form of a written report to the elected members of the
20 House of Representatives of the Legislature of Louisiana and the David R. Poynter
21 Legislative Research Library no later than thirty days prior to the convening of the 2023
22 Regular Session.

23 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
24 commissioner of the office of financial institutions, the state treasurer, the president of the
25 Louisiana Credit Union League, the president of the Louisiana Association of Business and
26 Industry, and the chief executive officer of the Louisiana Bankers Association.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HR 203 Original

2022 Regular Session

Frieman

Creates and provides for the Environmental, Social, and Governance Criteria Task Force to study and make recommendations regarding regulation of the use of environmental, social, and governance (ESG) criteria in lending and investment practices. Requires the task force to report its findings to the La. House of Representatives and the David R. Poynter Legislative Research Library no later than 30 days prior to the convening of the 2023 R.S.