

2022 Regular Session

HOUSE RESOLUTION NO. 203

BY REPRESENTATIVES FRIEMAN AND GAROFALO

A RESOLUTION

To create 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) The commissioner of the office of financial institutions or his designee.
- (2) The state treasurer or his designee.
- (3) A representative of the Louisiana Credit Union League.
- (4) A representative of the Louisiana Association of Business and Industry.
- (5) A representative of the Louisiana Bankers Association.
- (6) Two members appointed by the chairman of the House Committee on Commerce.

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

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

- (1) The factors used to formulate ESG ratings and scores.
- (2) Whether a business's ESG rating or score has a correlation to the business's profitability.
- (3) Whether a business's ESG rating or score has a correlation to the business's credit worthiness.
- (4) Whether lending companies are utilizing ESG criteria to formulate ESG ratings or scores for individuals applying for personal loans and mortgages.
- (5) Whether lending companies are using ESG criteria to deny individuals' applications for personal loans or mortgages, notwithstanding the individual's credit worthiness.

BE IT FURTHER RESOLVED that the task force may consult with and seek information from the bank and credit union regulators and trade associations.

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

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

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SPEAKER OF THE HOUSE OF REPRESENTATIVES