



April 1, 2024

**SUMMARY OF BILL:** Makes various changes to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the Uniform Law Commission of the National Conference of Commissioners on Uniform State Laws (NCCUSL).

**FISCAL IMPACT:**

**Other Fiscal Impact – Requiring institutions to meet the outlined investment requirements may lead to a change in investment expenses and investment income for various governmental entities and institutions of higher education. The precise fiscal impact, if any, is dependent on multiple unknown factors and cannot be reasonably determined.**

Assumptions:

- The purpose of UPMIFA is to provide guidance to institutions, government entities, and public institutions of higher education on investment decisions and endowment expenditures using institutional funding for nonprofit and charitable organizations.
- The proposed legislation adds language under the UPMIFA standards of conduct in managing and investing institutional funds, to prohibit institutions from considering possible investments or from selecting a service provider that has the purpose or ambition, beyond what is required by federal law, that directly or indirectly has a goal of eliminating, reducing, offsetting, or disclosing reduction targets for greenhouse gas emissions, including by restricting the exploration, production, utilization, transportation, sale, or manufacturing of timber, mining, agriculture, or fossil-fuel-based energy.
- The proposed legislation further declares that if such prohibitions would lead an institution to select a service provide that would have a materially negative financial impact to the institution's fund, that the prohibitions do not apply so long as the institution meets certain criteria.
- The updates to UPMIFA are not estimated to have a significant impact as it is assumed that such institutions will not elect to invest or choose a service provider that will result in a materially negative financial impact as the legislation declares that the selection does not apply so long as the institution meets the certain requirements.
- Requiring institutions to meet the outlined investment requirements may lead to a change in investment expenses and investment income for various governmental entities

and institutions of higher education. The precise impact, if any, is dependent on multiple unknown factors and cannot be reasonably determined.

## **IMPACT TO COMMERCE:**

**Other Commerce Impact – Any impact on service providers in Tennessee and any additional impact on commerce and jobs is dependent on multiple unknown factors and cannot be reasonably determined.**

Assumption:

- Any impact on service providers in Tennessee and any additional impact on commerce and jobs is dependent on multiple unknown factors and cannot be reasonably determined.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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