

1 **CONCURRENT RESOLUTION OPPOSING EFFORTS TO**
2 **WEAKEN THE ECONOMY OR RESTRICT ENERGY SUPPLY**

3 2023 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Chris H. Wilson**

6 House Sponsor: A. Cory Maloy

8 **LONG TITLE**

9 **General Description:**

10 This resolution supports the treasurer and government entities in opposing
11 environmental, social, and governance (ESG) investing.

12 **Highlighted Provisions:**

- 13 This resolution:
- 14 ▶ highlights how ESG investing harms consumers and investors;
 - 15 ▶ supports the state treasurer, attorney general, state auditor, and state agencies in
16 opposing ESG investing;
 - 17 ▶ identifies the coordinated pressure campaigns from financial institutions and
18 regulatory bodies; and
 - 19 ▶ calls upon Utah to defend consumers and investors from the harms of ESG
20 investing.

21 **Special Clauses:**

22 None

24 *Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:*

25 WHEREAS, environmental, social, and governance (ESG) investing is an investment
26 approach that considers ESG factors in the investment decision-making process;

27 WHEREAS, ESG investing encourages investment managers to invest in companies
28 that meet certain ESG standards and priorities;

29 WHEREAS, ESG investing priorities are subjective and change substantially based on

30 political agendas;

31 WHEREAS, ESG investing outlines societal goals without appropriately considering
32 the costs associated with ESG's coercive nature;

33 WHEREAS, ESG investing pursues political objectives without the appropriate checks,
34 balances, and accountability present in the legislative bodies created to address these issues;

35 WHEREAS, ESG investing attempts to use the allocation of capital to punish or reward
36 entities to enforce compliance with and commitment to the social issues promoted by ESG;

37 WHEREAS, investment managers have a fiduciary obligation to focus solely on the
38 financial interests of their clients;

39 WHEREAS, ESG investing promotes social issues and political agendas even though
40 such investing may result in less favorable financial outcomes;

41 WHEREAS, statements or commitments to promote ESG goals are evidence of a
42 motive to promote non-financial purposes;

43 WHEREAS, ESG investing may compromise an investment manager's fiduciary duty
44 by placing social issues above the financial interests of their clients;

45 WHEREAS, many individuals do not have the ability to decide where to invest their
46 savings for retirement;

47 WHEREAS, the state attorney general, the state treasurer, and the state auditor have
48 stated publicly that ESG investing is putting individual's retirement savings at risk;

49 WHEREAS, ESG investing provides increasing costs for certain consumers and
50 investors;

51 WHEREAS, ESG investing encourages the consideration of factors related to climate
52 change when making investment decisions;

53 WHEREAS, during the past 10 years, the approval rate of climate change shareholder
54 resolutions increased from 10% to 40%;

55 WHEREAS, this change contributes to the increased cost of capital for high-carbon
56 versus low-carbon energy projects;

57 WHEREAS, the cost of high-carbon energy projects translates to higher energy prices;

58 WHEREAS, as of November 2022, energy prices have risen 13.1% during a 12-month
59 period and are a considerable driver of total United States inflation;

60 WHEREAS, the production of traditional sources of energy plays an important role in
61 the state's economy, particularly in the rural areas of the state;

62 WHEREAS, transitioning away from traditional sources of energy will have a negative
63 impact on jobs in the state, specifically in the state's rural areas;

64 WHEREAS, well-functioning markets require alternative viewpoints to operate
65 efficiently and ESG investing advocates that all market actors adopt a singular view for the
66 future;

67 WHEREAS, ESG utilizes an emergency or crisis to declare the necessity for cutting or
68 eliminating the personal freedoms of citizens;

69 WHEREAS, ESG investing stunts innovation and silences alternative viewpoints;

70 WHEREAS, the United States Securities and Exchange Commission proposes rules to
71 enhance and standardize climate-related disclosures for investors;

72 WHEREAS, the Office of the Comptroller of the Currency ensures that national banks
73 and federal savings associations understand climate-related financial risks and develop risk
74 management frameworks and capabilities to identify, measure, monitor, and control those
75 risks;

76 WHEREAS, the United States Federal Deposit Insurance Corporation (FDIC) released
77 draft principles for banks with over \$100 billion in total assets to manage exposures to
78 climate-related financial risks;

79 WHEREAS, the FDIC principles largely mirrored those released by the Office of the
80 Comptroller of the Currency;

81 WHEREAS, ESG investing criteria as outlined by credit rating agencies undermine the
82 sovereignty and self-determination of states and municipalities;

83 WHEREAS, Utah should avoid investment managers that are committed to advance, or
84 market themselves as advancing, social or environmental goals with client assets;

85 WHEREAS, the state auditor is responsible for auditing the financial statements and

86 operations of state government entities and ensuring compliance with laws, regulations, and
87 financial reporting standards;

88 WHEREAS, the state treasurer is responsible for overseeing the management of the
89 state's financial resources and assets, including investment portfolios; and

90 WHEREAS, the attorney general is responsible for providing legal advice and
91 representation to the state and enforcing state laws:

92 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the
93 Governor concurring therein, take immediate action and direct that investment funds should be
94 managed by investment managers with a commitment to focus solely on financial interests.

95 BE IT FURTHER RESOLVED that the Legislature encourages the Office of the
96 Attorney General to provide legal advice to the state treasurer and investment managers on the
97 enforceability of state investment policies and the risks of using ESG criteria in investment
98 decisions, and when necessary, take legal action to protect the state's investments.

99 BE IT FURTHER RESOLVED that the Legislature encourages the Office of the State
100 Treasurer to implement investment policies that restrict the use of ESG criteria in the selection
101 of investments for state portfolios.

102 BE IT FURTHER RESOLVED that the Legislature encourages the Office of the State
103 Auditor to conduct audits of state investments to determine if the investments comply with the
104 state's policies and objectives.