

STAND. COM. REP. NO.

2728

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 3085  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 3085 entitled:

"A BILL FOR AN ACT RELATING TO SOCIALLY RESPONSIBLE INVESTING,"

begs leave to report as follows:

The purpose and intent of this measure is to integrate socially responsible factors into the investment decision-making of an endowment, trust, or investment fund, created by statute or maintained by state agencies or offices, to bring about positive social and environmental change.

Your Committee received testimony in support of this measure from Young Progressives Demanding Action, Imua Alliance, Our Revolution Hawaii, 350 Hawaii, and eight individuals. Your Committee received testimony in opposition to this measure from Employee's Retirement System. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the global and international markets are responding to increasing public demand for socially responsible investing. Your Committee further finds that trustees and other investment fund managers have an existing fiduciary, legal responsibility to invest for the benefit and best interest of its beneficiaries.



Your Committee recognizes that given the concerns regarding the \$25 billion shortfall in the State and County pension and health care funds, it would not be prudent to statutorily mandate a divestment strategy. However, sound financial management does incorporate how climate change, governance structures, and social impacts affect investments over the long term. Accordingly, your Committee looked to Acts passed in other states that incorporate more comprehensive factors of socially responsible investing, while also supporting secure financial investment strategies.

Your Committee further recognizes the possibility that an agency or office's existing and analogous socially responsible investment policy could meet the purpose of this measure.

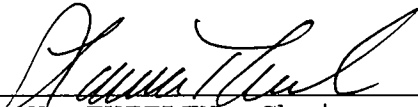
Your Committee has amended this measure by:

- (1) Amending language to incorporate the Illinois Sustainability Investing Act suggested by the Department of Budget and Finance for its comprehensive approach;
- (2) Allowing trustees and fund managers to develop policies and practices to determine whether existing, substantially-similar policies and practices to meet the terms of this measure;
- (3) Requiring the appropriate agencies and offices to publish annual investment reports containing a summary of the proportion of its investment made in accordance with its socially responsible investment policies;
- (4) Changing the effective to January 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3085, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3085, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.



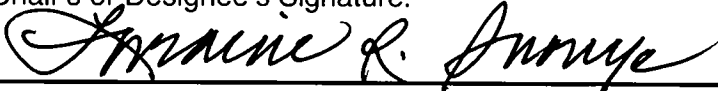
Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations,

  
\_\_\_\_\_  
LAURA H. THIELEN, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

Record of Votes  
Committee on Government Operations  
GVO

Bill / Resolution No.:* <b>SB3085</b>	Committee Referral: <b>GVO, JDC/WAM</b>	Date: <b>2/11/2020</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
BAKER, Rosalyn H.				✓
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>4</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes