

SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 416

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 6, 2022

The Senate Environment and Energy Committee favorably reports Senate Bill No. 416, with committee amendments.

This bill, as amended, would prohibit the Director of the Division of Investment (director) from investing any assets of the State retirement funds in any of the top 200 companies that hold the largest carbon content fossil fuel reserves.

Under the bill, divestment from coal companies would be required to be completed within two years, and from all other fossil fuel companies within one year. The director would be authorized to cease divestment or reinvest in previously divested companies if the director demonstrates that, as a direct result of the divestment, the State retirement funds have or will become equal to or less than 99.5 percent of their hypothetical value had no divestment occurred. Finally, the bill would require the State Investment Council and the director to report on the divestment efforts required by the bill within 120 days of the bill's effective date, and annually thereafter.

The committee amendments to the bill:

(1) change the date by which divestment from companies is required from January 1, 2022, to 12 months after the bill's effective date; and

(2) make technical corrections.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.