

2024 Regular Session

HOUSE BILL NO. 981 (Substitute for House Bill No. 902 by Representative Melerine)

BY REPRESENTATIVES MELERINE, BILLINGS, CARLSON, CHENEVERT, CREWS,
EDMONSTON, GLORIOSO, MCMAHEN, AND WILDER

RETIREMENT SYSTEMS: Provides relative to public retirement system proxy voting on
shareholder sponsored proposals

1 AN ACT

2 To enact R.S. 11:263(H), relative to investments of public retirement systems; to provide
3 relative to proxy voting on shareholder sponsored proposals; to provide relative to
4 the use of advice from proxy advisory firms; and to provide for related matters.

5 Notice of intention to introduce this Act has been published
6 as provided by Article X, Section 29(C) of the Constitution
7 of Louisiana.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:263(H) is hereby enacted to read as follows:

10 §263. Prudent-man rule; investments; reporting

11 * * *

12 H.(1) No governing authority of any system, plan, or fund governed by this
13 Subpart shall vote a proxy relating to a shareholder sponsored proposal submitted to
14 an issuer of securities pursuant to Rule 14a-8 of the Securities Exchange Act in a
15 manner that is consistent with the recommendation of a proxy advisory firm unless
16 the recommendation of the proxy advisory firm is consistent with the
17 recommendation of the board of directors of the issuer of securities. If the proxy
18 advisory firm has recommended a vote in a manner inconsistent with the
19 recommendation of the issuer's board of directors, a proxy vote may be cast

1 consistent with the proxy advisory firm's recommendation only if the proxy advisory
 2 firm has agreed that its recommendation, advice, and analysis regarding the
 3 shareholder sponsored proposal is in compliance with this Section and is in the best
 4 financial interest of the system, plan, or fund.

5 (2) For the purposes of this Subsection, "proxy advisory firm" means any
 6 entity that is engaged in the business of providing proxy voting advice, research,
 7 analysis, ratings, or recommendations to a system, plan, or fund governed by this
 8 Subpart and that has a direct contractual relationship with the system, plan, or fund.
 9 Proxy advisory firm does not include an investment manager or investment advisor
 10 hired by any system, plan, or fund.

11 (3) Notwithstanding the prudent-man rule, a system, plan, or fund governed
 12 by this Subpart shall not be required to proxy vote.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 981 Reengrossed

2024 Regular Session

Melerine

Abstract: Provides relative to the voting of proxies by public retirement systems on shareholder sponsored proposals.

Proposed law prohibits public retirement systems from voting a proxy relating to a shareholder sponsored proposal submitted to an issuer of securities pursuant to specified federal law in a manner that is consistent with the recommendation of a proxy advisory firm unless one of the following applies:

- (1) The firm's recommendation is consistent with the recommendation of the board of directors of the issuer of the securities.
- (2) The firm has agreed that its recommendation, advice, and analysis regarding the shareholder sponsored proposal is in compliance with present law regarding prudent investments by retirement systems and is in the best financial interest of the system.

Proposed law provides that a proxy advisory firm is an entity that is engaged in the business of providing proxy voting advice, research, analysis, ratings, or recommendations to a retirement system and that has a direct contractual relationship with the system.

(Adds R.S. 11:263(H))

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Add provision to specify proxy voting firm does not include an investment manager or investment advisor hired by any system, plan, or fund.