2022 Regular Session

HOUSE RESOLUTION NO. 203

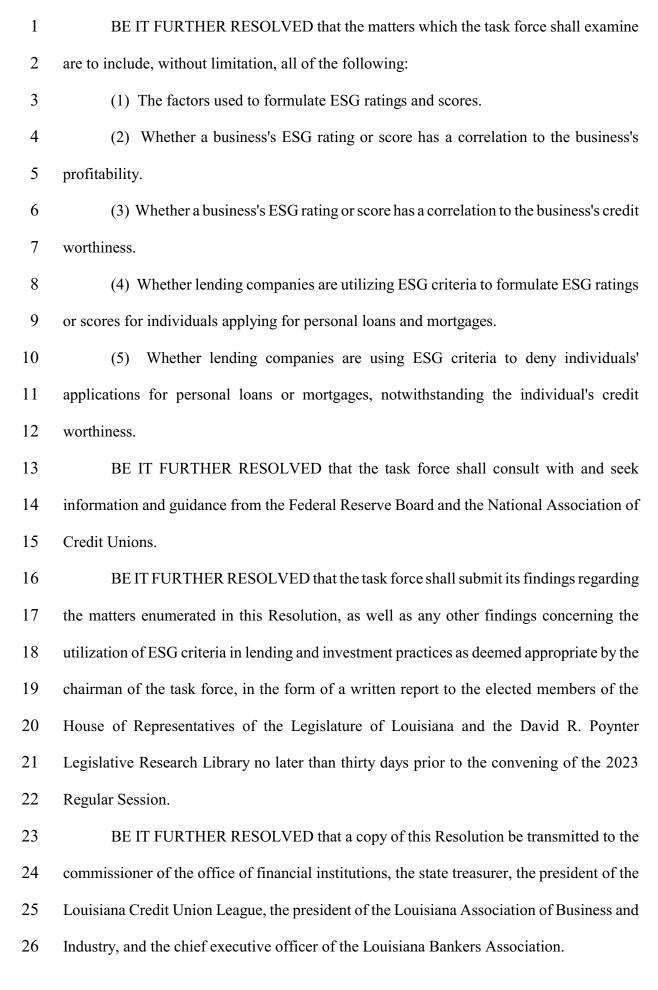
BY REPRESENTATIVE FRIEMAN

BANKS/BANKING: Creates the Environmental, Social, and Governance Criteria Task Force to study and make recommendations regarding regulation of ESG criteria in lending and investment practices

1	A RESOLUTION
2	To create the Environmental, Social, and Governance Criteria Task Force to study and make
3	recommendations regarding regulation of the use of environmental, social, and
4	governance (ESG) criteria in lending and investment practices.
5	WHEREAS, Forbes reports that investment entities including Bloomberg, the
6	Standard & Poor's, and the Dow Jones study and assign ratings or scores to businesses based
7	on their performance in fulfilling certain ESG criteria; and
8	WHEREAS, Investopedia reports that mutual funds, brokerage firms, and certain
9	advisors offer investment products that employ ESG criteria; and
10	WHEREAS, the CFA Institute reports that environmental factors considered in an
11	ESG rating include but are not limited to climate change and carbon emission initiatives, air
12	and water pollution initiatives, energy efficiency, and water scarcity initiatives; and
13	WHEREAS, Forbes reports that social factors considered in an ESG rating include
14	but are not limited to LGBTQ+ equality, racial diversity, and inclusion programs; and
15	WHEREAS, the CFA Institute reports that governance factors considered in an ESG
16	rating include but are not limited to board composition, executive compensation, lobbying
17	efforts, political contributions, and whistleblower policies; and
18	WHEREAS, the use of ESG scores or ratings in investing decisions may lead to
19	money being disproportionately invested based on a company's public support of certain
20	political agendas, rather than based on a company's profitability; and

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1 WHEREAS, funds being invested in unprofitable companies merely because of their 2 public support of certain political ideologies may lead to individuals losing their 3 investments; and 4 WHEREAS, the retirement accounts of certain individuals are managed by 5 investment advisors who utilize ESG criteria; and 6 WHEREAS, it is in the interest of the residents of Louisiana to know if their 7 investment funds are being properly managed; and 8 WHEREAS, the Wall Street Journal reported in January 2020 that sixty-seven 9 percent of banks screen their loan portfolios for ESG risks; and 10 WHEREAS, it is in the interest of the residents of Louisiana to be approved for 11 personal loans if they are in need of funds and are financially able to repay loans for such 12 funds, regardless of their political beliefs or ideologies; and 13 WHEREAS, it is within the power of the House of Representatives to form task 14 forces to study and make recommendations to the legislature concerning matters of 15 importance to the residents of Louisiana. 16 THEREFORE, BE IT RESOLVED that the House of Representatives of the 17 Legislature of Louisiana does hereby create the Environmental, Social, and Governance 18 Criteria Task Force to study and make recommendations regarding regulation of the use of 19 ESG factors in lending and investment practices. 20 BE IT FURTHER RESOLVED that the Environmental, Social, and Governance 21 Criteria Task Force shall be composed of the following members: 22 (1) The commissioner of the office of financial institutions or his designee. 23 (2) The state treasurer or his designee. 24 (3) A representative of the Louisiana Credit Union League. 25 (4) A representative of the Louisiana Association of Business and Industry. 26 (5) A representative of the Louisiana Bankers Association. 27 BE IT FURTHER RESOLVED that the commissioner of the office of financial 28 institutions or his designee shall serve as chairman of the task force until its first meeting at 29 which time the members of the task force shall elect a chairman of the task force from their 30 membership.



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)]

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Frieman

Creates and provides for the Environmental, Social, and Governance Criteria Task Force to study and make recommendations regarding regulation of the use of environmental, social, and governance (ESG) criteria in lending and investment practices. Requires the task force to report its findings to the La. House of Representatives and the David R. Poynter Legislative Research Library no later than 30 days prior to the convening of the 2023 R.S.