

2022 Regular Session

HOUSE RESOLUTION NO. 246

BY REPRESENTATIVE HODGES

BANKS/BANKING: Creates the Environmental, Social, Governance Study Group to study the regulation of ESG criteria in lending and investment practices

1 A RESOLUTION

2 To create the Environmental, Social, and Governance Criteria Study Group to study and
3 make recommendations regarding regulation of environmental, social, and
4 governance (ESG) criteria in lending and investment practices.

5 WHEREAS, Forbes reports that investment entities including Bloomberg, Standard
6 & Poor's, and the Dow Jones study and assign ratings or scores to businesses based on their
7 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 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

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 Louisiana House of Representatives to form
14 a study group 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 an Environmental, Social, and Governance
18 Criteria Study Group to study and make recommendations regarding regulation of the use
19 of ESG factors in lending and investment practices.

20 BE IT FURTHER RESOLVED that the study group shall be composed of the
21 following members:

- 22 (1) The state representative from House District Number 64.
- 23 (2) The state senator from Senate District Number 6.
- 24 (3) The state treasurer or his designee.
- 25 (4) The commissioner of agriculture or his designee.
- 26 (5) The attorney general or his designee.
- 27 (6) The commissioner of the division of administration or his designee.
- 28 (7) A representative from the Louisiana Association of Business and Industry.

29 BE IT FURTHER RESOLVED that the study group shall elect a chairman and other
30 officers as it deems appropriate at its first meeting.

1 BE IT FURTHER RESOLVED that the members of the study group shall serve
2 without compensation, except per diem or expense reimbursement to which they may be
3 individually entitled to as members or employees of their constituent organizations.

4 BE IT FURTHER RESOLVED that a majority of the total membership shall
5 constitute a quorum of the study group and any official action by the study group shall
6 require an affirmative vote of a majority of the members present and voting.

7 BE IT FURTHER RESOLVED that the study group shall prepare a written report
8 detailing its findings and any recommendations it may have to the chairman and members
9 of the House Committee on Commerce and the David R. Poynter Legislative Research
10 Library, as required by R.S. 24:772, by February 1, 2023.

11 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
12 state treasurer, the commissioner of agriculture, the attorney general, the commissioner of
13 the division of administration, and the president of the Louisiana Association of Business
14 and Industry.

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)]

HR 246 Original

2022 Regular Session

Hodges

Creates the Environmental, Social, and Governance Criteria Study Group to study and make recommendations regarding regulation of the use of environmental, social, and governance (ESG) criteria in lending and investment practices.

Requires the study group submit a written report of its findings and recommendations to the House Committee on Commerce and the David R. Poynter Legislative Research Library by Feb. 1, 2023.