



NEW YORK STATE SENATOR

Liz Krueger

## Legislature Holds Hearing On Fossil Fuel Divestment

LIZ KRUEGER May 1, 2019

| ISSUE: **FOSSIL FUEL DIVESTMENT, CLIMATE CHANGE, COMMON RETIREMENT FUND, PENSIONS**  
| COMMITTEE: **FINANCE**



**Albany** – Today State Senator Liz Krueger, Chair of the Senate Finance Committee, and Assembly Assistant Speaker Félix W. Ortiz, along with other Senators, held a [hearing](#) on divesting the New York State Common Retirement Fund from fossil fuel holdings. Discussion centered around the Fossil Fuel Divestment Act ([S.2126/A.1536](#)). Video of the hearing, as well as copies of written testimony, [will be available here](#).

“Climate change is the single greatest threat facing humanity; the only rational response is to use every tool at our disposal to prevent and mitigate its most catastrophic impacts,” said **Senator Krueger**. “Divesting our state pension fund from fossil fuels will protect workers and retirees from the rapid loss of valuation that fossil fuel companies will suffer in the coming energy transition. It will also send a powerful message that it is no longer acceptable to invest in a business model that puts our entire planet at risk. The climate crisis is here – fiduciary and moral responsibility require the process of divestment to begin now.”

“It has become painfully clear that while people have created climate change, we can also provide solutions,” said **Assistant Speaker Ortiz**. “For years, state funds have been invested in large fossil fuel corporations that pollute our planet. It’s time to divest those funds and invest them into companies that nourish our planet. We have an obligation to protect our environment for future generations; we cannot delay any more. Corporations that continuously pollute the earth breathe no air, have no heart, and will always choose profits over people. They should not be rewarded or supported by New York State funds.”

Among those testifying at the hearing were:

Anastasia Titarchuk

Interim Chief Investment Officer

**Office of New York State Comptroller Thomas P. DiNapoli**

Daniel Zarrilli

Chief Climate Policy Advisor

**Office of Mayor Bill de Blasio**

Members of the **Decarbonization Advisory Panel for the Common Retirement Fund**

The Fossil Fuel Divestment Act ([S.2126/A.1536](#)) would require the State Comptroller to divest the New York State Common Retirement Fund from all holdings in the 200 largest publicly traded fossil fuel companies, as defined by carbon content in the companies' proven oil, gas, and coal reserves (the CU 200). Divestment from coal companies would be completed within one year; divestment from all other fossil fuel companies would be completed within five years. Currently, ExxonMobil represents the largest single CU200 holding in the CRF, with around \$1 billion invested.

Worldwide there are currently 1,055 institutions that have committed to divest, including universities, faith-based organizations, non-profits, municipalities, philanthropic organizations, and national and state pension funds, controlling \$8.73 trillion in assets. In 2018, Ireland became the world's first nation to fully divest its \$10.4 billion sovereign wealth fund from fossil fuels.

The list of institutions involved in the divestment movement includes the Teachers Retirement System of the City of New York, New York City Employees Retirement System, California Public Employees' Retirement System (CalPERS), California State Teacher's Retirement System; Pratt Institute, Union Theological Seminary of New York City, The New School, and Stanford and Syracuse Universities; the cities of Seattle, San Francisco, Portland, Minneapolis, and Ithaca; the World Council of Churches, and the United Methodist Church USA; Guardian Media Group, the Rockefeller Brothers and Family Funds, The Blumenthal Foundation, and the sovereign wealth fund of Norway. A full list of divestment commitments can be viewed [here](#).

Supporters of divestment argue not only that it is no longer acceptable to financially support the extraction of climate-destabilizing fossil fuels, but also that the state pension

fund is exposed to increasing financial risk by holding onto fossil fuel companies, which stand to lose significant value as the world acts to mitigate climate change. The impact of the clean-energy transition is already being felt by these companies, and the economics of renewable energy continues to develop in such a way as to threaten the hegemony of fossil fuels regardless of the actions taken by governments. The Common Retirement Fund has already lost more than \$260 million in coal investments since 2010; a recent study by Corporate Knights estimated that the Fund is valued at \$22.2 billion less than it would have been had it divested from fossil fuels in 2008 and redistributed those funds across the rest of the portfolio.

The global divestment movement is having an impact on fossil fuel producers, in part through the process of stigmatization, which can damage enterprise value by discouraging engagement by business partners, employees, lenders, governments, politicians, etc, as well as leading to restrictive legislation. The increased scrutiny tar sands have received as a result of divestment and allied stigmatization campaigns was a contributing factor to Exxon's decision to write down the value of its tar sands reserves. Peabody Energy, a coal producer that went bankrupt in 2016, said of the divestment movement: "the impact of such efforts may adversely affect the demand for and price of securities issued by us, and impact our access to the capital and financial markets." Shell now cites divestment as a major material risk to its current business model, which could lead to project delays or cancellations and could affect its ability to access capital. The Common Retirement Fund has invested \$2.7 million in Peabody Energy, \$133 million in Shell, and over \$1 billion in Exxon.

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## Witness List

### Panel 1:

Office of the New York State Comptroller

- Anastasia Titarchuk, Interim Chief Investment Officer
- Joyce Abernathy, Counsel to the Common Retirement Fund
- Pete Grannis, First Deputy Comptroller
- Elizabeth Gordon, Executive Director of Corporate Governance

### Panel 2:

- Rachel Rivera, New York Communities for Change
- Rev. Ken Scott, NY Capital Region Organizer, GreenFaith

### Panel 3:

- Dale Bryk, Deputy Secretary for Energy and Environment, Office of Governor Andrew M. Cuomo
- Daniel Zarrilli, Chief Climate Policy Advisor, Office of New York City Mayor Bill de Blasio

### Panel 4:

Decarbonization Advisory Panel for the New York State Common Retirement Fund

- Joy-Therése Williams, Senior Advisor, Mantle314; Panel Chair
- Bevis Longstreth, former Commissioner, United States Securities and Exchange Commission; Panel Member

### Panel 5:

- Toby A.A. Heaps, CEO and Co-Founder, Corporate Knights Inc.

- Robert Litterman, Partner, Kepos Capital

Panel 6:

- Cata Romo, New York Campaigner, 350.org

- Richard Schrader, NY Political Director; and Natalie Jacewicz, Natural Resources Defense Council

Panel 7:

- Edward Farrell, Executive Director, Retired Public Employees Association

- Nancy Romer, CUNY Professional Staff Congress, AFT Local 2334

- Doug Bullock, Albany County Legislator; First Vice-President, Albany County Central Federation of Labor

Panel 8:

Tim Rogers, Mayor, Village of New Paltz

Panel 9:

- Lisa Anne Hamilton, Director, Climate & Energy Program, Center for International Environmental Law

- Ellen Dorsey, PhD, Executive Director, Wallace Global Fund

Panel 10:

- Karen Moreau, Executive Director, API New York

Panel 11:

- Mark Dunlea, Chairperson, Green Education and Legal Fund

- Eric Weltman, Senior Organizer, Food & Water Watch

## 2019-S2126

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- Introduced
- - In Committee Assembly
  - In Committee Senate
- - On Floor Calendar Assembly
  - On Floor Calendar Senate
- - Passed Assembly
  - Passed Senate
- Delivered to Governor
- Signed By Governor
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Relates to limitations on investments of public pension funds in fossil fuel companies

January 22, 2019

In Senate Committee [Civil Service and Pensions](#)

Sponsored by [Liz Krueger](#)

Do you support this bill?

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