

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
iga.in.gov

**FISCAL IMPACT STATEMENT**

**LS 6994**  
**BILL NUMBER: HB 1008**

**NOTE PREPARED: Feb 21, 2023**  
**BILL AMENDED: Feb 21, 2023**

**SUBJECT:** Pension Investments.

**FIRST AUTHOR:** Rep. Manning  
**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill provides that a fiduciary, in making and supervising investments of a reserve fund of the public pension system, shall discharge the fiduciary's duties solely in the financial interest of the participants and beneficiaries of the public pension system for certain purposes. It specifies requirements for fiduciaries, proxy advisors, service providers, and proxy voting. It provides that compliance with certain provisions does not impose any additional fiduciary obligations on a person, other than to the extent required by law or the applicable contract or agreement.

The bill requires the board of trustees of the Indiana Public Retirement System (INPRS) to, at least annually, tabulate and report all proxy votes made by any fiduciary in relation to the administration of a fund of the public pension system.

The bill provides that the Treasurer of State shall enforce these provisions. It specifies, for the board and the Treasurer of State, particular enforcement requirements and procedures if the Treasurer of State determines that a person has engaged in, is engaging in, or is going to engage in a violation regarding fiduciary duties.

This bill provides that certain persons and entities are immune from civil liability and entitled to indemnification.

It requires the board to amend the board's investment policies to comply with the requirements on or before December 31, 2023.

The bill specifies fiduciary duties, similar to the those applicable to the public pension system, that apply to the trustee of the State Police Pension Trust.

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respective funds.

The Treasurer of State's office is required to enforce the requirements of the bill. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

The bill allows the Treasurer of State to request assistance with an investigation from the Attorney General's office. The Attorney General should be able to provide the requested assistance with no additional appropriations, assuming near customary agency staffing and resource levels.

(Revised) *Fiduciary Requirements*: Under the bill, fiduciaries of the state's public pensions would be required to make investments and carry out their duties in the financial interest of the participants and beneficiaries of the funds and not to further the following political, social, or ideological interests:

1. Eliminating, reducing, or offsetting greenhouse gas emissions for nonfinancial purposes;
2. Instituting corporate board, employment, composition, or compensation criteria based on protected classes under Indiana civil rights statutes.

Divesting from, limiting investment in, or limiting the activities or investments of a company that does any of the following for nonfinancial purposes, provides evidence under the bill that a fiduciary is pursuing political, social, or ideological interests.

1. Fails to meet or does not commit to environmental standards;
2. Engages in, facilitates, or supports the firearm industry;
3. Contracts with the United State Immigration and Customs Enforcement for the provision of federal immigration detention centers or supports services related to the implementation of federal immigration and border security laws, regulations, and policies;
4. Works in the following industries: fossil fuels, timber, mining, agriculture, and food animal production.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Treasurer of State, Indiana Public Retirement System, State Police, Attorney General.

**Local Agencies Affected:**

**Information Sources:** Tony Green, INPRS, AGreen@inprs.in.gov.

**Fiscal Analyst:** Camille Tesch, 317-232-5293.