



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

HB 19-1270

# FISCAL NOTE

**Drafting Number:** LLS 19-0773  
**Prime Sponsors:** Rep. Sirota; Hansen

**Date:** April 1, 2019  
**Bill Status:** House Finance  
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**Bill Topic:** PERA BOARD ASSESS CLIMATE-RELATED FINANCIAL RISKS

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**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

This bill requires the Public Employee's Retirement Association to contract a study to analyze any climate-related financial risks to its portfolio. The bill will increase statutory public entity costs and workload through FY 2020-21.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** This fiscal note reflects the introduced bill.

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## Summary of Legislation

The bill requires the Public Employee's Retirement Association (PERA) Board of Trustees to conduct a study of the portfolio's climate-related financial risk. Climate-related financial risk is defined to include material financial risk posed to the portfolio by the effects of the changing climate, such as intense storms, rising sea levels, higher global temperatures, economic damages from carbon emissions, and other financial and transition risks resulting from public policies to address climate change, shifting consumer attitudes, and changing economics of traditional carbon-intense industries.

The board is required to retain an organization with experience in public sector pension plans through a competitive selection process and enter into a contract by October 31, 2019. Any organization that responds to the solicitation must disclose any association that it had or currently has with any publicly traded fossil fuel corporation or company.

The PERA board must deliver a report to the General Assembly no later than July 15, 2020, that includes:

- a comprehensive analysis of the climate-related financial risk of PERA's portfolio and the exposure of the fund to long-term risks;
- a summary of climate-related financial risk-related engagement activities undertaken; and
- a description of additional action that should be taken, or planned to be taken, by the board to address climate-related financial risk, including a list of proxy votes and shareholder proposals initiated by the board.

**Statutory Public Entity — Public Employee's Retirement Association**

The bill increases PERA's costs by up to \$200,000 to retain an organization to conduct the study required under the bill. The bill will also increase PERA's workload to administer the competitive solicitation and facilitate the study. These costs will be borne by the divisional trust funds of PERA.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

JBC Staff	LCS Economists	PERA	Personnel
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