



Retirement News Highlights

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Anti-ESG Measures Approved in Two More States

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Two more state governments have joined the movement against using environmental, social and governance, or ESG, criteria for investing, with new measures banning their use by state pensions in Indiana and Kansas.

In Indianapolis, Republicans on Monday pushed through a bill prohibiting the use of ESG in investment decisions for about \$45 billion worth of state pension assets, the Associated Press reports.

Pension officials have said they don't use ESG anyway, but the bill's sponsor, Republican Rep. Ethan Manning, said the ban is needed to make sure that "financial returns trump all," the AP reports.

He said he is concerned that "these large asset managers on Wall Street" use their "outsized market power to force decisions on companies when it's not best for them."

The bill that passed is a scaled down version of one that had even more investment limitations. The Indiana Chamber of Commerce and other business groups objected to that version, saying it was too "anti-free market." An analysis showed that the earlier draft would have cost the state pension system \$6.7 billion over the next decade.

Meanwhile, in Kansas, an anti-ESG law passed by the Republican-led state legislature earlier this year has now gone into effect, the Topeka Capital-Journal reports.

The bill prevents the Kansas Public Employees Retirement System, also known as KPERS, from investing with firms that use ESG. KPERS and other state and local government agencies must decide on investments and contacts based only on "financial viability," the newspaper reports. The new law also limits the pension system from delegating its voting rights at portfolio companies to its asset managers.

As in Indiana, the new law is a scaled back version of a more onerous first draft, which was criticized by banks, credit union and pension officials. KPERS had said that version would have cost it \$3.6 billion in investment returns over the next 10 years. The pension didn't formally object to the revised bill, the Capital-Journal reports.

At least seven other states, all of them led by Republican legislatures or governors, have passed similar anti-ESG measures over the past two years.

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