

**CONCURRENT RESOLUTION OPPOSING EFFORTS TO WEAKEN THE ECONOMY OR RESTRICT ENERGY SUPPLY**

2023 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Chris H. Wilson**

House Sponsor: A. Cory Maloy

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**LONG TITLE**

**General Description:**

This resolution supports the treasurer and government entities in opposing environmental, social, and governance (ESG) investing.

**Highlighted Provisions:**

This resolution:

- ▶ highlights how ESG investing harms consumers and investors;
- ▶ supports the state treasurer, attorney general, state auditor, and state agencies in opposing ESG investing;
- ▶ identifies the coordinated pressure campaigns from financial institutions and regulatory bodies; and
- ▶ calls upon Utah to defend consumers and investors from the harms of ESG investing.

**Special Clauses:**

None

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*Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:*

WHEREAS, environmental, social, and governance (ESG) investing is an investment approach that considers ESG factors in the investment decision-making process;

WHEREAS, ESG investing encourages investment managers to invest in companies



28 that meet certain ESG standards and priorities;

29 WHEREAS, ESG investing priorities are subjective and change substantially based on  
30 political agendas;

31 WHEREAS, ESG investing outlines societal goals without appropriately considering  
32 the costs associated with ESG's coercive nature;

33 WHEREAS, ESG investing pursues political objectives without the appropriate checks,  
34 balances, and accountability present in the legislative bodies created to address these issues;

35 WHEREAS, ESG investing attempts to use the allocation of capital to punish or reward  
36 entities to enforce compliance with and commitment to the social issues promoted by ESG;

37 WHEREAS, investment managers have a fiduciary obligation to focus solely on the  
38 financial interests of their clients;

39 WHEREAS, ESG investing promotes social issues and political agendas even though  
40 such investing may result in less favorable financial outcomes;

41 WHEREAS, statements or commitments to promote ESG goals are evidence of a  
42 motive to promote non-financial purposes;

43 WHEREAS, ESG investing may compromise an investment manager's fiduciary duty  
44 by placing social issues above the financial interests of their clients;

45 WHEREAS, many individuals do not have the ability to decide where to invest their  
46 savings for retirement;

47 WHEREAS, the state attorney general, the state treasurer, and the state auditor have  
48 stated publicly that ESG investing is putting individual's retirement savings at risk;

49 WHEREAS, ESG investing provides increasing costs for certain consumers and  
50 investors;

51 WHEREAS, ESG investing encourages the consideration of factors related to climate  
52 change when making investment decisions;

53 WHEREAS, during the past 10 years, the approval rate of climate change shareholder  
54 resolutions increased from 10% to 40%;

55 WHEREAS, this change contributes to the increased cost of capital for high-carbon  
56 versus low-carbon energy projects;

57 WHEREAS, the cost of high-carbon energy projects translates to higher energy prices;

58 WHEREAS, as of November 2022, energy prices have risen 13.1% during a 12-month

59 period and are a considerable driver of total United States inflation;

60 WHEREAS, the production of traditional sources of energy plays an important role in  
61 the state's economy, particularly in the rural areas of the state;

62 WHEREAS, transitioning away from traditional sources of energy will have a negative  
63 impact on jobs in the state, specifically in the state's rural areas;

64 WHEREAS, well-functioning markets require alternative viewpoints to operate  
65 efficiently and ESG investing advocates that all market actors adopt a singular view for the  
66 future;

67 WHEREAS, ESG utilizes an emergency or crisis to declare the necessity for cutting or  
68 eliminating the personal freedoms of citizens;

69 WHEREAS, ESG investing stunts innovation and silences alternative viewpoints;

70 WHEREAS, the United States Securities and Exchange Commission proposes rules to  
71 enhance and standardize climate-related disclosures for investors;

72 WHEREAS, the Office of the Comptroller of the Currency ensures that national banks  
73 and federal savings associations understand climate-related financial risks and develop risk  
74 management frameworks and capabilities to identify, measure, monitor, and control those  
75 risks;

76 WHEREAS, the United States Federal Deposit Insurance Corporation (FDIC) released  
77 draft principles for banks with over \$100 billion in total assets to manage exposures to  
78 climate-related financial risks;

79 WHEREAS, the FDIC principles largely mirrored those released by the Office of the  
80 Comptroller of the Currency;

81 WHEREAS, ESG investing criteria as outlined by credit rating agencies undermine the  
82 sovereignty and self-determination of states and municipalities;

83 WHEREAS, Utah should avoid investment managers that are committed to advance, or  
84 market themselves as advancing, social or environmental goals with client assets;

85 WHEREAS, the state auditor is responsible for auditing the financial statements and  
86 operations of state government entities and ensuring compliance with laws, regulations, and  
87 financial reporting standards;

88 WHEREAS, the state treasurer is responsible for overseeing the management of the  
89 state's financial resources and assets, including \$ → ~~[the state's pension funds and other]~~ ← \$  
89a investment

90 portfolios; and

91 WHEREAS, the attorney general is responsible for providing legal advice and  
92 representation to the state and enforcing state laws:

93 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the  
94 Governor concurring therein, take immediate action and direct that ~~Ŝ~~→ [state pensions and  
94a other] ←Ŝ

95 investment funds should be managed by investment managers with a commitment to focus  
96 solely on financial interests.

97 BE IT FURTHER RESOLVED that the Legislature encourages the Office of the  
98 Attorney General to provide legal advice to the state treasurer and investment managers on the  
99 enforceability of state investment policies and the risks of using ESG criteria in investment  
100 decisions, and when necessary, take legal action to protect the state's investments.

101 BE IT FURTHER RESOLVED that the Legislature encourages the Office of the State  
102 Treasurer to implement investment policies that restrict the use of ESG criteria in the selection  
103 of investments for state portfolios.

104 BE IT FURTHER RESOLVED that the Legislature encourages the Office of the State  
105 Auditor to conduct audits of state investments to determine if the investments comply with the  
106 state's policies and objectives.