

## ***H. 55: An Act requiring public pension fund divestment from ammunition and firearms***

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### **SUMMARY**

- This bill requires the Massachusetts Pension Reserves Investment Management Board (PRIM) to divest state funds from companies that derive more than 15% of revenues from the sale or manufacture of ammunition, firearms, or firearm accessories used for civilian purposes.
- In light of recent mass shootings and the prevalence of daily gun violence on the national level, Treasurer Goldberg is working to tackle this troubling trend within the purview of her office.
- Recognizing that gun retailers and manufacturers have not demonstrated a willingness to engage with shareholders or to address the safety of their products, the Treasurer again proposes divestment as a solution.
- In light of PRIM's fiduciary duty to deliver on its promise to workers and retirees, the bill takes a measured and fiscally responsible approach.
- The proposal includes language standard to divestment legislation, explicitly allowing PRIM to cease divestment or to reinvest in such companies upon clear and convincing evidence that the entire fund would dip by more than 50 basis points (0.5%).
- As of September 2019, the state's pension fund has grown to a record \$76 billion, meaning that a loss of over \$350 million would be necessary to trigger this provision.
- As of September 30<sup>th</sup>, 2019, however, PRIM held active equity stakes in 3 such companies, and the value of these holdings amounted to \$3.4 million.

### **BACKGROUND**

- Across the nation, public retirement systems have reexamined their investments in gun manufacturers and retailers –
  - **California** teacher and public worker pension funds have already divested from companies that manufacture guns illegal in California.
  - **Florida** lawmakers have introduced legislation requiring the state's retirement system to sell its gun stocks within 12 months.
  - **New Jersey** lawmakers have also filed legislation to restrict investments in the stocks of gun manufacturers.
  - **New York City**, in the wake of the Sandy Hook tragedy, saw 3 of its 5 pension funds pull their holdings in civilian firearms manufacturers.
- This trend has gained traction in the private sector as well, with institutional investors revisiting their offerings.
- Financial services firm **BlackStone** has sought to reduce its weapons exposure.
- Investment giant **BlackRock** has begun to explore ways to remove gun companies from the portfolios of clients who express an interest.
- Private equity firm founder David Rubenstein of the **Carlyle Group** has openly discussed his strategy not to invest in companies that produce products, like tobacco and guns, antithetical to his own beliefs.
- Public and private investors have recently reexamined investments in firearms not only from a social, but also from a financial perspective.
- Last year, Vista Outdoor sold its firearm manufacturing business.
- Not only is firearm divestment a moral imperative, but also a financially prudent one for the Commonwealth and the beneficiaries of our public pension fund.