



The Commonwealth of Massachusetts

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DEBORAH B. GOLDBERG

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May 2, 2018

The Honorable Jerald A. Parisella, Chair
Joint Committee on Public Service
State House, Room 507
Boston, MA 02133

The Honorable Paul R. Feeney, Chair
Joint Committee on Public Service
State House, Room 156
Boston, MA 02133

Dear Chairmen Parisella and Feeney:

I write to offer my support for H. 4402, *An Act requiring public pension fund divestment from ammunition and firearms* filed by Representative Ehrlich and S. 2407, *An Act requiring public pension fund divestment from ammunition and firearms* filed by Senator Creem.

In the wake of the horrific mass shooting in Parkland, Florida, I was inspired by the brave students from Marjory Stoneman Douglas High School and moved to act on gun violence prevention here in Massachusetts. Together with the Legislature, I worked to draft the legislation before you today – sending a clear message to the victims and survivors of gun violence everywhere that we stand with them.

H. 4402 and S. 2407 require 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. These companies have not shown a willingness to work with shareholders to address the safety of their products.

A number of public retirement systems have recognized the limit of shareholder engagement in this instance and have already sought to divest. New Jersey legislators adopted firearm divestment legislation a mere six weeks after the Parkland, Florida shooting. Private investors have followed suit, reexamining their offerings and portfolios with an eye toward limiting firearms exposure. Just yesterday, Vista Outdoor announced an intent to sell its firearms manufacturing business. This move follows last month's announcement from investment company Blackrock that the firm would offer new fund options that would not include shares of firearms manufacturers and retailers.

In light of PRIM's fiduciary duty to deliver on its promise to workers and retirees, these bills take a measured and fiscally responsible approach. The proposal includes language 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%). Worth noting, the state's pension fund has grown to \$71.6 billion, meaning that a loss of over \$350 million would be necessary to trigger this provision. As of January 31st, 2018, however, PRIM held active equity stakes in 6 such companies with the value of these holdings amounting to just over \$5 million.

I respectfully request that the Joint Committee on Public Service report H. 4402 and S. 2407 favorably. If I can provide any additional information in support of these bills, please do not hesitate to contact me.

Sincerely,

Deborah B. Goldberg
Treasurer and Receiver General