

## **BILL ANALYSIS**

Senate Research Center  
88R8658 KJE-F

S.B. 1489  
By: Creighton  
Subcommittee on Higher Education  
4/18/2023  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2021, the 87th Legislature prohibited state funds from contracting with or investing in companies that divest from oil, natural gas, and coal companies. Financial firms in recent years have increased their commitments to environmental, social, and governance (ESG) strategies that attempt to account for the negative societal costs of investing in companies that worsen climate change, use exploitative labor practices or engage in corporate corruption. However, these funds underperform financially for investors.

Colleges and universities have a duty to protect the long-term financial health of higher education. Allowing politically trendy firms to erode the endowments of Texas universities will result in underperforming returns that ultimately fall on the backs of students and taxpayers. S.B. 1489 prohibits ESG investing in Texas public universities to protect the long-term financial health of these institutions.

As proposed, S.B. 1489 amends current law relating to prohibiting the investment of the permanent university fund, the national research university fund, or money held by a public institution of higher education in financial companies that boycott certain energy companies.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 51.0031, Education Code, by adding Subsection (e) to provide that Chapter 809 (Prohibition on Investment in Financial Companies That Boycott Certain Energy Companies), Government Code, applies to a governing board of an institution of higher education as if the governing board were a state governmental entity under that chapter.

SECTION 2. Amends Section 62.143, Education Code, by adding Subsection (c) to provide that Chapter 809, Government Code, applies to the national research university fund as if the fund were a state governmental entity under that chapter.

SECTION 3. Amends Subchapter A, Chapter 66, Education Code, by adding Section 66.015, as follows:

Sec. 66.015. PROHIBITION ON INVESTMENT IN FINANCIAL COMPANIES THAT BOYCOTT CERTAIN ENERGY COMPANIES. Provides that Chapter 809, Government Code, notwithstanding Section 66.01 (Permanent University Fund), applies to the permanent university fund as if the fund were a state governmental entity under that chapter.

SECTION 4. Effective date: September 1, 2023.