HOUSE JOINT RESOLUTION NO. 11

INTRODUCED BY S. GIST, E. BUTCHER, M. MALONE, R. MARSHALL, R. MINER, G. PARRY

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA URGING CONGRESS TO PUSH BACK AGAINST ENVIRONMENTAL, SOCIAL, AND GOVERNMENTAL POLICIES.

WHEREAS, since statehood, Montana's official motto has been "The Treasure State" due to its abundance of mineral, timber, energy, and agricultural resources; and

WHEREAS, dozens of Montana communities have depended on these abundant resources as the source of employment for their residents, tax base for their schools and infrastructure, and backbone of their economies for well over 100 years; and

WHEREAS, community banks have served the families and businesses in both urban and rural areas throughout Montana with deposit accounts, commercial loans, and financial services, understanding the underpinnings of the economy being dependent upon petroleum, coal, timber, minerals, water resources, and agricultural production; and

WHEREAS, Montana banks are integral players in the communities they serve, and for decades have been held accountable by both state and federal regulatory bodies to serve the diverse interests of those communities, based solely on creditworthiness and business acumen, without prejudice or discrimination, and

WHEREAS, both large and small banks are under intense pressure by environmental activist groups, federal regulatory agencies, and some elected officials to starve natural resource-dependent businesses of capital by implementing biased, scientifically unfounded, and politically driven policies that compel financial institutions to reevaluate or even sever their traditional relationships with businesses and individuals deemed to be associated with industries considered to be undesirable; and

WHEREAS, the U.S. Securities and Exchange Commission (SEC) announced in a March 21, 2022, "landmark proposal" it would begin requiring publicly traded companies to disclose extensive climate-related information in their SEC filings, and on May 25, 2022, the SEC proposed two rule amendments seeking to enhance and standardize disclosures related to environmental, social, and governmental (ESG) factors considered by funds and advisors; and

WHEREAS, banks of all sizes are required by law to carry depository insurance with the sole provider of insurance being the Federal Deposit Insurance Corporation (FDIC), a governmental agency whose current chairman has stated: "The effects of climate change and the transition to reduced reliance on carbon-emitting sources of energy present emerging economic and financial risks to the safety and soundness of financial institutions and the stability of the financial system […] these climate-related financial risks pose a clear and significant risk to the U.S. financial system and, if improperly assessed and managed, may pose a threat to safe and sound banking and financial stability. Further, all financial institutions, regardless of size, complexity, or business model, are subject to climate-related financial risks"; and

WHEREAS, the FDIC's intense focus on climate change risk assessment will have a chilling effect on banks of all sizes as they evaluate lending policies with regard to local businesses and individuals deemed by the FDIC as posing climate change risks, with the FDIC thereby creating a self-fulfilling prophecy of starving targeted businesses of capital needed to survive, expand, or adapt; and

WHEREAS, free market capitalism has created the most prosperous nation in history, and current efforts by federal regulatory agencies to redirect capital from politically disfavored industries and toward favored, often subsidized industries is a direct assault on free markets and on communities, businesses, and families that have traditionally prospered under principles of free markets; and

WHEREAS, ESG standards are intended to alter how businesses and investments are evaluated so that instead of focusing on the quality of goods and services, profits, and other traditional economic metrics, businesses and investments are instead evaluated based on various environmental, social justice, or corporate governance causes and assigned scores so that they can be compared, rewarded, or potentially punished according to such factors; and

WHEREAS, a longstanding tenet of banking is "know your customer", and banks in Montana communities know their customers and the credit risks they pose better than bureaucrats employed by federal regulatory agencies do.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the State Legislature and the Governor of Montana urge Montana's two members of the U.S. House of Representatives, and two U.S. Senators, both of whom serve on the Senate Banking Committee, to push back against the agencies the committee oversees by compelling them to rescind, withdraw, modify, or amend subjective, unwarranted, unquantifiable ESG policies and directives that are restraining financial institutions from extending capital to creditworthy businesses operating in a legal fashion; and

BE IT FURTHER RESOLVED, that the Montana Division of Banking and Financial Institutions be similarly advised that it should not implement examination policies or guidelines that go beyond traditional "safety and soundness" risk assessments when evaluating Montana's state-chartered institutions; and

BE IT FURTHER RESOLVED, that the Secretary of State send copies of this resolution to appointed officials leading the Federal Reserve, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau.

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