

SB 2291 – Testimony by Dustin Gawrylow (Lobbyist #266) North Dakota Watchdog Network

As a study, this bill is far less problematic than its original form. With that said, it would be our hope that the study would also include a review of the potential negative effects if the protectionist policies desired by the supporters actually happened. North Dakota's economy does not operate in a vacuum, and as a portion of the global economy, we are not a market mover. So our policy makers need to avoid creating policies that do more harm than good.

Regarding the Original Bill As Introduced In The Senate:

This bill is very interesting, and very protectionist.

The premise of divesting from companies and funds that pursue ESG (Environmental, Social, Governance) philosophies is an emotional argument. The problem is, that it is an anti-capitalist approach being proposed in this bill.

As the attached documents show, the investment capital markets are embracing what could be called the ESG Lifestyle.

The NASDAQ stock exchange itself has programs to help companies develop ESG policies.

The ESG Trend already amounts to \$40 Trillion worldwide.

It would take an extreme amount of work for North Dakota's investment managers to actively try to avoid ESG holdings. And it would in fact cause North Dakota to have investments concentrated in companies and funds that are on the outside of where the market is going.

And according to readily available data (see attached) ESG funds out-perform the market.

Why would we want state policy to handicap the state's own investment objectives?

To be a capitalist, one has to look at where the money is going. Right now, it's going to ESG.

I urge a Do Not Pass.