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Testimony of Brent Bennett, Ph.D.
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Texas Public Policy Foundation
Before the
North Dakota House
Industry, Business and Labor Committee

Chairman Louser and Members of the Committee,

Thank you for the opportunity to testify in support of HB 1429 and to share some of our experience developing and implementing similar laws in Texas. I hope to convey to you both the importance of passing this legislation and to show how our laws are already making a difference in the fight against woke capitalism.

There are many facets to fighting the march of the progressive left through our institutions, and our states have a limited but important role to play in this fight. Ensuring that state pension dollars are not invested in politically motivated ways that harm pensioners and taxpayers is an important first step. The contracting provisions in this bill are also critical because they help ensure that *all* state and local taxpayer dollars are being spent wisely and not going to firms that use taxpayer money to act in ways that harm our taxpayers.

Our states, as active market participants controlling trillions of dollars in investments and spending, cannot be aloof or neutral as to what kinds of companies they do business with. When corporations abandon their role as the vanguards of free market capitalism and advocate for policies that erode the very foundations of capitalism, states should take their business elsewhere. As individuals, we don't want to do business with companies that harm our employers. As taxpayers, we don't want our states to do business with companies that harm our key industries and our tax bases.

This act will accomplish two things. First, it will ensure that North Dakota state and local taxpayer dollars are not advancing the woke agenda. Companies are taking our tax dollars and using them to support groups like [Climate Action 100+](#), which has a goal of requiring companies to create “comprehensive business strategies that fully align with the goals of the Paris Agreement and reaching net-zero emissions by 2050 or sooner.” They advocate in favor of policies like the SEC's proposed climate disclosure rule that would place onerous requirements on our businesses and extend the long arm of the federal government ever further into business activities. Some companies are enacting blanket policies restricting financing to [firearms manufacturers](#) or fossil fuel producers and then recruiting their peers to do the same. Others take federal subsidies for wind and solar and then advocate to loosen reliability standards that protect our electric grids.

Second, these policies will create demand for products and services that better serve the goals of North Dakota taxpayers. Now that states are beginning to exercise their preferences in the market and not allow corporations to take their money while pushing policies that harm them, the market is responding. In just the past year, the two dominant proxy advising firms, ISS and Glass Lewis, which have used their hegemony in that market to advance ESG goals, have begun creating new non-ESG voting policies to avoid losing state pension business, and new investment managers are creating products and services that explicitly adhere to sound fiduciary principles and eschew ESG ideology. Municipal bond underwriting markets are adjusting to new laws in Texas, West Virginia, and elsewhere with new entrants replacing underwriters that can't comply with the laws and other banks rethinking some of their politically biased policies in order to remain in compliance.

Market competition is the antidote to the collusive action that progressive activists seek to impose. **States and municipalities have an important role, as market participants, in fostering competition by demanding products and services that best serve the interests of their taxpayers from companies that are aligned with their interests.**

If you haven't yet seen evidence that your constituents are being harmed by the woke agenda, we would be happy to discuss numerous examples that we've compiled from businesses and individuals from across the country. And the fight will not stop with the industries listed in this bill. Just last week, [JPMorgan](#) announced new emissions reduction targets for their lending in the aviation, cement, and steel industries. It is clear that the progressive left will not stop until they have control over all the means of production, and the fight to preserve the freedom of our businesses from being taken over by their agenda starts with using our state tax dollars wisely.

Sincerely,

Brent Bennett
Policy Director, Life:Powered
Texas Public Policy Foundation