



**House Committee on Financial Institutions and Pensions  
Neutral Testimony on House Bill 2436  
Presented by Eric Stafford, Vice President of Government Affairs  
Wednesday, March 8, 2023**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to submit neutral testimony on House Bill 2436, which establishes guidelines for state investments and state contracts to protect against actions of environmental or social governance (ESG) policies.

*"I am increasingly convinced that corporate ESG is the Devil Incarnate"- Elon Musk Tweet, 2022*

Whether you agree with this statement or not, actions of private companies should be left to make decisions on what they believe to be best and let the free market determine their success or failure through creative destruction. Government should not alter the free market, whether it be in support of or opposed to and penalizing of policies such as ESG. Government intervention in the actions of private businesses should be avoided. To be clear, government intervention and collaboration with businesses that violate constitutional protections should not be allowed.

ESG policies have become a growing focus in the last 10 years. Investment firms have created funds focusing on "net zero" or other environmental investment. This push for ESG policies and investments does alter the free market. It's clear that the agenda from the Biden administration is to push "green" energy policies and rewards certain industries over another, and that should not be the focus of government. However, counter response to these actions is just as unproductive and could be just as harmful and dangerous as those which they're trying to cure.

In December, Reuters reported (article cited below) for the first time "investors pulled more money from funds marketed as "sustainable" than they added..." Vanguard's CEO recently stated they were pulling out of the "net zero" investments in their fiduciary duty to clients as he stated "Our research indicates that ESG investing does not have any advantage over broad-based investing." His words show that markets work and we must be cautious in how we proceed in addressing ESG.

Penalizing businesses should not be on the table and HB 2436 avoids penalties on businesses, but most importantly, places the state in a neutral position where investments and contractors will not be discriminated against or given preferential treatment based on their policy.

We appreciate the opportunity to submit neutral testimony on House Bill 2436, and I am happy to answer any questions at the appropriate time.

<https://www.reuters.com/business/sustainable-business/esg-funds-set-first-annual-outflows-decade-after-bruising-year-2022-12-19/>