

# Testimony Against HB1455

Honorable Delegates

Please enter an unfavorable decision about HB1455.

I oppose:

- Requiring the Board of Trustees for the State Retirement and Pension System to review certain investment holdings;
- requiring the Board of Trustees to take certain divestment actions with regard to certain Israeli investments;
- prohibiting the Board of Trustees from making certain new investments;
- providing certain immunities from liability for certain persons;
- requiring the Board of Trustees to act in good faith in taking certain actions in a certain manner

This bill is onerous for three reasons.

- First, it restricts the fund managers fiduciary duty to provide the best rate of return for its clients; namely future State employees.
- Second, it will severely reduce the fund balance of the pension fund by selling assets at a loss and losing future earnings. If the pension is based on a formula, not having sufficient funds to meet guaranteed pension payments may require the taxpayers to fund the difference.
- Third, and most important, this is a blatant anti-Semite action that appears to be virtue signally to the anti-Israel faction of the Democrat party.

The fiscal and policy not addresses my first two points.

**Fiduciary Duties** A fiduciary of the SRPS system is defined as (1) a member of the Board of Trustees; (2) a member of the Investment Committee or other specified committees; or (3) an employee of the State Retirement Agency (SRA) who exercises any discretionary authority or control over the management of the system or its assets. **A fiduciary must discharge his or her duties solely in the interest of the participants** and: for the exclusive purposes of providing benefits to the participants and for

- reasonable expenses; with the care, skill, prudence, and diligence under circumstances, then prevailing,
- that a prudent person acting in a like capacity and familiar with such matters would use; by diversifying investments so as to minimize the risk of large losses, unless it is• clearly prudent not to do so; and in accordance with the laws, documents, and instruments governing the system.●

**State Fiscal Effect:**

SRA has determined that as of March 5, 2026, SRPS has more than \$1.8 billion in exposure to securities that would be subject to divestment under the bill, including \$12.5 million is Israeli bonds. Although the bill does not specify companies that are associated with the government of

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Israel, SRA used a widely publicized “Boycott Israel” list to determine that the bill would likely require divestment from four of SRPS’ five largest stock and bond holdings.

SRA also estimates that, over the past five years, if the State had not been invested in the companies subject to divestment under the bill, SRPS would have lost, or failed to realize, more than \$3 billion in investment gains. The combination of potentially having to sell existing holdings at a loss and forgoing future investment returns from companies subject to divestment under the bill could yield similar losses and/or foregone investment gains for SRPS going forward.

A reliable estimate of any such losses is not feasible without knowing the performance of future investments made in securities that are not Israel-restricted, but they may be significant. Investment losses reduce the system’s assets available to pay benefits and cause unfunded liabilities to increase, necessitating larger State contributions to the pension fund to pay for future benefits. To the extent that alternative investments generate similar or greater returns, or that the board’s fiduciary duties limit the extent of divestment actions, these effects are mitigated.

This bill does not even state why investment in Israeli stocks and bonds should be divested. Supposedly, the sponsors believe Israel to be mistreating the Palestinians (which is not a belief shared by many Marylanders). I believe this bill is shameless virtue signaling as the sponsors did not even try to hide their prejudice against Israel by including Israel with known governments that mistreat others. One example would be China with its enslavement of ethnic minorities. I do not see any action to sell off investments in China or major US companies such as Amazon or Walmart that buy a large amount of money (Billions?) from that evil regime.

Please enter an unfavorable decision about HB1455.

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