
SENATE BILL 5439

State of Washington

69th Legislature

2025 Regular Session

By Senators Frame, Lovelett, Hasegawa, Nobles, Ramos, Saldaña, and Stanford

Read first time 01/22/25. Referred to Committee on Ways & Means.

1 AN ACT Relating to the divestment of funds under management by
2 the state investment board from thermal coal; adding a new section to
3 chapter 43.21A RCW; adding new sections to chapter 43.33A RCW; and
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that because burning
7 coal releases several carcinogenic toxins and pollutants, it is the
8 dirtiest way to produce electricity. It also finds that investments
9 in coal-fired resources contribute to climate change, damage the
10 environment, air, water, and soil, and disproportionately harm the
11 health of vulnerable populations and overburdened communities.

12 The legislature further finds that Washington has committed to
13 decarbonizing its energy sector by requiring that each electric
14 utility eliminate coal-fired resources from its allocation of
15 electricity by December 31, 2025. To support the elimination of coal-
16 fired electricity generation and protect ratepayers, the legislature
17 has required the utilities and transportation commission to
18 accelerate depreciation schedules for coal-fired resources owned by
19 investor-owned utilities by no later than the end of 2025.

20 The legislature further finds that the state investment board
21 maintains investments in coal assets at a time when governments,

1 public pension funds, and institutional investors, including CalPERS,
2 CalSTRS, the New York state common retirement fund, the New York city
3 employees' retirement system, and the Oregon public employees
4 retirement fund have committed to divesting from coal. The
5 legislature further finds that the state investment board has
6 developed a climate blueprint to guide investment decisions that
7 impact and are impacted by climate change while fulfilling its
8 mission of maximizing returns at a prudent level of risk for the
9 benefit of beneficiaries.

10 Therefore, the legislature intends to protect public health and
11 the environment and align with Washington's clean energy goals by
12 divesting all funds under management by the state investment board
13 from thermal coal.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.21A
15 RCW to read as follows:

16 (1) The definition of "thermal coal company" under section 3 of
17 this act is based on definitions developed by the Urgewald
18 organization as they existed on January 1, 2025.

19 (2) Beginning January 1, 2030, the department must annually
20 review the definition of "thermal coal company" under section 3 of
21 this act as compared to the definition used by the Urgewald
22 organization at the time of the review and report meaningful changes
23 to the relevant environmental committees of the legislature, and the
24 legislature shall consider updating the definition of "thermal coal
25 company."

26 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.33A
27 RCW to read as follows:

28 The definitions in this section apply throughout this chapter
29 unless the context clearly requires otherwise.

30 (1) "Clean energy" means both nonemitting electric generation and
31 electricity from renewable resources as described in RCW 19.405.020.

32 (2) "Global coal exit list" means the list of coal industry
33 participants identified by the Urgewald organization.

34 (3) "Subject investment funds" means all funds under management
35 by the state investment board.

36 (4) "Thermal coal company" means a company, or parent or
37 subsidiary of a company:

1 (a) From the mining, power, and services sector that derives at
2 least 10 percent of its annual revenue from activities related to
3 thermal coal;

4 (b) From the utility sector that generates 10 percent or more of
5 its power from coal based on actual generation or installed capacity;

6 (c) Whose annual thermal coal production is equal to or greater
7 than 10,000,000 tons of coal;

8 (d) Whose installed coal-fired capacity generation is equal to or
9 greater than five gigawatts;

10 (e) Planning to develop new coal-fired power capacity of at least
11 100 megawatts prorated;

12 (f) Engaged in coal exploration activities or planning to expand
13 their coal mines; or

14 (g) Involved in the development or expansion of coal
15 transportation assets or other infrastructure dedicated to support
16 coal extraction, transportation, and coal-to-gas facilities.

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.33A
18 RCW to read as follows:

19 Except as provided in section 6 of this act:

20 (1) Beginning on the effective date of this section, the state
21 investment board will not make new investments in any thermal coal
22 company, or any fund containing a thermal coal company.

23 (2) By January 1, 2030, the state investment board must ensure
24 that moneys in subject investment funds are not invested in any
25 thermal coal company, or any fund containing a thermal coal company.

26 (3) To the greatest extent practicable, divestment and
27 reinvestment of moneys in subject investment funds under this section
28 must be accomplished without monetary loss to the funds through
29 reasonable, prudent, and productive investments in companies
30 generating returns that are comparable to the returns generated by
31 the companies subject to divestment.

32 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.33A
33 RCW to read as follows:

34 (1) The state investment board shall make reasonable efforts to
35 investigate all companies in which the state investment board has
36 invested or may invest moneys in subject investment funds to
37 determine whether any of those companies are thermal coal companies.

1 (2) If the state investment board determines that subject
2 investment funds are invested in a publicly traded company that is a
3 thermal coal company as defined in section 2 of this act, the state
4 investment board shall give notice to the company that the state
5 investment board will withdraw moneys in subject investment funds
6 that are invested in the company as long as the company is a thermal
7 coal company.

8 (3) The state investment board may use the global coal exit list
9 to identify thermal coal companies for the purpose of sections 3
10 through 6 of this act.

11 (4) The state investment board may consult with managers of
12 public employee pension funds in other states, including California,
13 Oregon, and New York, regarding thermal coal companies from which
14 those funds have been divested.

15 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.33A
16 RCW to read as follows:

17 (1) The state investment board may retain an investment in a
18 thermal coal company if the company demonstrates that it is
19 transitioning to clean energy on a reasonable timeline.

20 (2) The state investment board may adopt rules to define a
21 reasonable timeline for such a transition. The rules may reflect the
22 guidelines of the United Nations intergovernmental panel on climate
23 change regarding necessary decreases in greenhouse gas emissions.

24 (3) The state investment board shall monitor thermal coal
25 companies transitioning to clean energy to ensure that they are on
26 track to meet emissions reduction targets.

27 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.33A
28 RCW to read as follows:

29 The state investment board shall report to the legislature on
30 actions to divest from thermal coal companies pursuant to sections 3
31 through 6 of this act by December 15, 2025, and each year thereafter.
32 Annual reports must be made under this section until no moneys in
33 subject investment funds are invested in thermal coal companies. The
34 state investment board shall make reports under this section publicly
35 available on its website and may include the information in its
36 annual sustainability report.

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