

# 2025 STATEHOUSE REPORT

From Local Blacklists to Blinders:  
The Growing Cost of Politicizing Climate Finance



# TABLE OF CONTENTS

Stepping Back: Where We Are Today .....	3
The Stakes .....	3
The Energy Transition .....	4
The Polluter Pushback .....	4
What's Happened This Year .....	6
What's Next .....	6
2025 State Policy In Review .....	8
From the Pleiades State Legislation Tracker .....	9
From the Pleiades State Executive Action Tracker .....	11
2025 State Policy Trends .....	11
Context: A New Federal Landscape .....	20
Corporate Response to Anti-ESG Politicization .....	23
Climate Risk is Knocking .....	25
Insurance Impacts .....	25
Municipal Borrowing Impacts .....	27
Public Worker Retirement Impacts .....	28
Conclusion .....	29
Appendix .....	30



# STEPPING BACK: WHERE WE ARE TODAY

Since 2022, Pleiades Strategy has [meticulously tracked](#) state anti-ESG policy efforts, as right-wing actors have sought to weaponize state finances and financial regulatory powers to prohibit investors and companies from accounting for climate-related risks and force continued investment in fossil fuels. We aim to inform investors, corporates, journalists, advocates, policymakers, and other key stakeholders not just on the progress of these proposals through state capitols, but also on the impacts — often negative — that they are having on pensionholders, taxpayers, investors, and the corporate sector at large once enacted.

## THE STAKES

Since our Statehouse Report last summer, the L.A. fires [killed 30 people](#) and caused more than [\\$250 billion dollars](#) in damages. Hurricane Helene bulldozed across Florida, Georgia, and both Carolinas, the [deadliest hurricane](#) since Hurricane Katrina, and wiped out mountain hamlets in western North Carolina along with much of downtown Asheville, previously [considered](#) a climate refuge. The price tag? Nearly [\\$80 billion](#) in losses. Only last month, a tornado cut a 22-mile swath through Missouri, damaging or destroying [16,000 homes](#) and leading to \$1.6 billion in damages in St. Louis alone.

These events, alongside [many](#) more that don't earn national headlines, are proving every day the mounting costs of the climate crisis. In response, homeowners insurance rates are [rising rapidly](#) and policy availability is tightening, higher utility bills are reflecting climate-related [damage to the grid](#), and ratings agencies are [starting to lower](#) municipal bond ratings due to climate risk exposure.

The climate crisis is a financial crisis, with projected global economic losses of [\\$38 trillion per year](#) by 2050. Already these losses are being felt every day by homeowners on the hook when a sky-high insurance bill must be paid to keep a mortgage, by taxpayers when a storm erodes a bridge on a local road and it must be replaced, and by entire towns when the power goes out due to grid damage and schools and workplaces have to be closed. And as climate-driven weather events mount — and partisan politics interfere with a rational response in the U.S. — the cost of everything from energy to food will rise, and the corporate sector will adapt uneasily to a new era of structural uncertainty. Anti-ESG efforts distract from this reality.

## THE ENERGY TRANSITION

The physics and economics of climate change are crystal clear: our new warming world is a more dangerous and costly world. That's our reality. But through how governments and businesses choose to respond to this information, we can shape the transition to a clean energy and climate-smart future, determining whether it is orderly and equitable or characterized by policy chaos and missed opportunities.

Over the past five years, a wave of ambitious climate-responsive policies enacted by both the [Biden Administration](#) and [U.S. states](#) has set a course of action toward a more deliberately planned, better-funded, and more ambitious clean energy transition. In the private sector, companies and investors have [continued](#) to set emissions reductions goals, incorporating climate risk assessments and clean energy targets into their management practices.

Meanwhile, with climate-related risk disclosures becoming [increasingly common](#), financial regulations were proposed and codified (at the [federal level](#), in [California](#), in [Europe](#), and increasingly [elsewhere](#)) to standardize the information investors use to evaluate and manage systemic climate risks.

These policies and initiatives are hopeful. They emerged from a recognition that we have agency to avoid the worst climate scenarios and tools we can deploy to mitigate its impacts. And they come during a period of remarkable technological innovations in clean energy, which have enabled the nation, and the world, to build thriving solar, wind, battery storage, and electric vehicle markets.

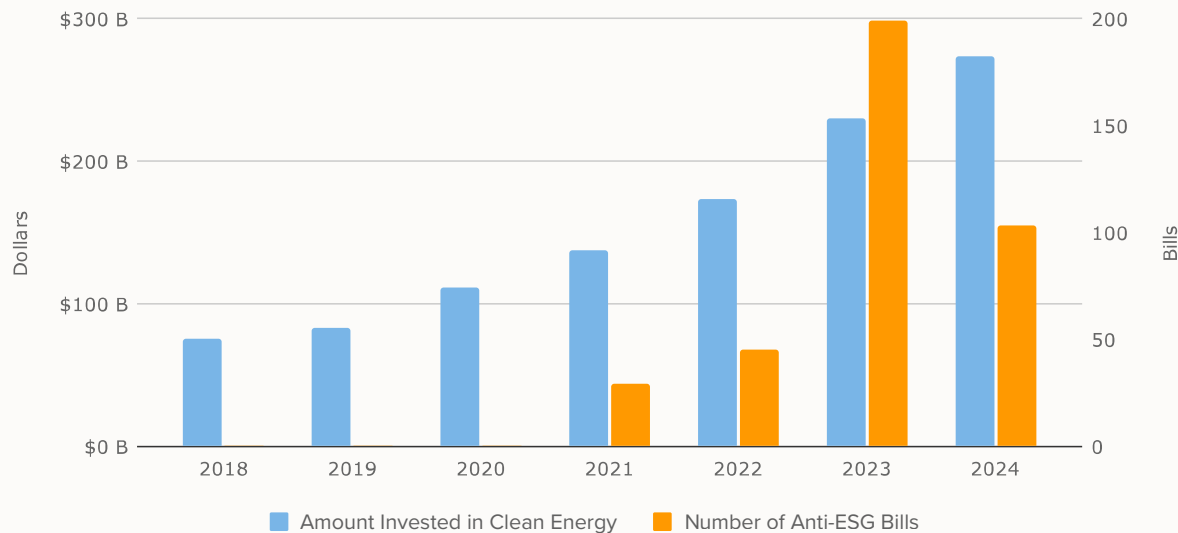
## THE POLLUTER PUSHBACK

In almost every part of the world, clean energy is now the [least costly](#) form of new generation to build, and technology like battery storage is [helping](#) to make solar and wind more practical. These are facts. But in the name of profits, fossil fuel companies and industrial emitters have pushed back against this new reality, [recruiting](#) political allies to establish roadblocks to climate progress, deny reality, and prop up their troubled industries.

Some of these political allies are true believers in fossil fuels. Many are financially entangled with the industry, through [personal investments](#) or [political donations](#). And all are willing to turn their eyes away from the medium-term (and increasingly short-term) inevitability of the energy transition in order to protect an industry facing significant [economic](#), [cultural](#), and [political](#) headwinds.

The anti-ESG policies that we have tracked in the states since 2021 are part of a [campaign](#) by the fossil fuel industry and their allies to weaponize capital markets in order to delay the energy transition.

Fig. 1 — Anti-ESG Laws vs. Real World Clean Economy Investments



Source: [Clean Investment Monitor](#), Rhodium Group & MIT CEEPR, and Pleiades State Policy Tracker

Anti-ESG proponents have [mounted](#) their financial counteroffensive in both the public and private sectors. On the public side, they have targeted the big pools of capital that states manage—like public employee pension funds, and contracts funded by public borrowing — to essentially require that capital to finance fossil fuels. At the same time, they have have worked to prevent the private sector — through financial levers, legal threats, and intimidation — from making investment decisions in accordance with their own rational risk analyses, which incorporate ever-clearer market signals indicating that clean energy is the future and fossil fuel energy is an increasingly bad bet.

Alongside their manipulation of financial markets, ESG opponents have undertaken to create delay, confusion, and uncertainty using every lever available to them. They press to [preempt](#) municipal permitting authority, [cancel](#) critical climate-science studies, and [discontinue](#) the publication of key climate-related statistics.

And all of this is on top of bald giveaways to polluters: [killing](#) emissions control rules, [cutting regulations](#) that limit pollutants, [mandating](#) that fossil fuel plants remain open even when uneconomical, and clawing back federal funding — most notably [Inflation Reduction Act subsidies and tax credits](#), but also funding for [pollution cleanup](#), [impact mitigation](#), [environmental justice](#), and more.

These tactics are not hidden, and not a surprise. They were delineated in detail in the [Heritage Foundation's Project 2025](#). They are of a piece with the extreme right's commitment to maximizing short-term profits to those currently in economic power, while sticking everyone else with the bill and all of the long-term externalities.

## WHAT'S HAPPENED THIS YEAR

In this paper, we again focus on the anti-ESG backlash in the U.S. states, building on the [analysis](#) in our previous work. The backdrop for this work has shifted markedly with the change in administration in Washington, D.C., but as they have been since 2021, the states have continued to be experimental laboratories for anti-ESG policy.

As we have charted over the past three years, anti-ESG policies are bad policy. They are unpopular except among fossil fuel businesspeople and their sycophants, most of whom are acting on self-interest or performing a role for political gain. They have proven notably divisive within Republican caucuses. Counter to the GOP's longtime stated commitment to the free market, these policies burden the private sector with new constraints, which are often objectively contraindicated by reality, bad for business, or both.

And, of course, when passed, these policies have proven costly, dragging down investment returns and putting municipal budgets at risk.

None of this, though, will stop anti-ESG proponents from throwing anything at the wall that they think might stick. This year, like others, most of the 106 anti-ESG bills introduced in statehouses failed to advance, and only 9 have been signed by Governors, with two more awaiting signature after being finalized by legislature. Given that the negative economic impact of previous years' most extreme bills is now widely understood, most of this year's laws were weakened from the more extreme versions originally proposed. Below, we lay out our observations of this year's state policy landscape, highlighting trends including civil liability bills, divisive infighting, aggressive legal posturing, and the watering down of legislation.

## WHAT'S NEXT

Against the backdrop of the federal unraveling of the Biden Administration's climate policies, we expect that anti-ESG rhetoric and posturing will continue, woven into a broader fabric of anti-climate sentiment.

Federal voices carry widely, and as anti-ESG politicians in D.C. continue to use [policymaking](#), [legal](#), and [rhetorical](#) tools to pressure governments and industry into blocking out the risks and realities in front of their faces, we will continue to see companies pull back from their public commitments. Already this chilling effect has led to widespread "[greenhushing](#)" — a toning-down of climate-friendly corporate rhetoric — and the withdrawal of firms from collaborations like the Climate Action 100+, Net Zero Banking Alliance, and Net Zero Asset Management Alliance.

We expect that anti-ESG proponents will continue to dedicate themselves to the selective provision of legal cover, political backing, and financial support for their

preferred industries, including fossil fuels. We will see, too, a willingness to massively increase the costs and complexity of investing in an objectively urgent energy transition, even if the public, ratepayers, and retirees foot the bill.

And we will see a continued disregard for two crucial realities: that the energy transition opens economic opportunities that will establish global economic leadership in the 21st century and that climate risks are sapping value from the economy today.

Our hope is that, even as the federal government ignores these realities, the pragmatists in the financial sector, the leaders of corporate America, and the stewards of state and local government funds will not.

After all, there is a lot of work to be done.

### **ESG: Beyond Climate**

Our work at Pleiades largely focuses on the clean energy transition and climate risk, but the extreme right wing's tactical commitment to weaponizing capital markets and public finances is not just being used on behalf of fossil fuels. Progress in inclusion, civil rights, workers' rights, healthcare availability, gun safety, and other areas are now under threat, too.

The same dark-money advocates and funders that are behind the systematic attack on climate progress have also targeted labor rights, civil rights, and common-sense consumer protections under the banner of "anti-ESG," through shared legislative, corporate campaigning, legal, and narrative strategies. The anti-ESG legislative [stage was set](#) in part by a wave of anti-boycott legislation designed to counter Boycott, Divestment and Sanctions (BDS) campaigns holding the Israeli government accountable for the occupation of Palestine, along with attacks on "critical race theory," as a backlash to campaigns against racialized police brutality. Corporations crying wolf over "discrimination" was [borrowed](#) from recent tactics employed by the firearms industry.

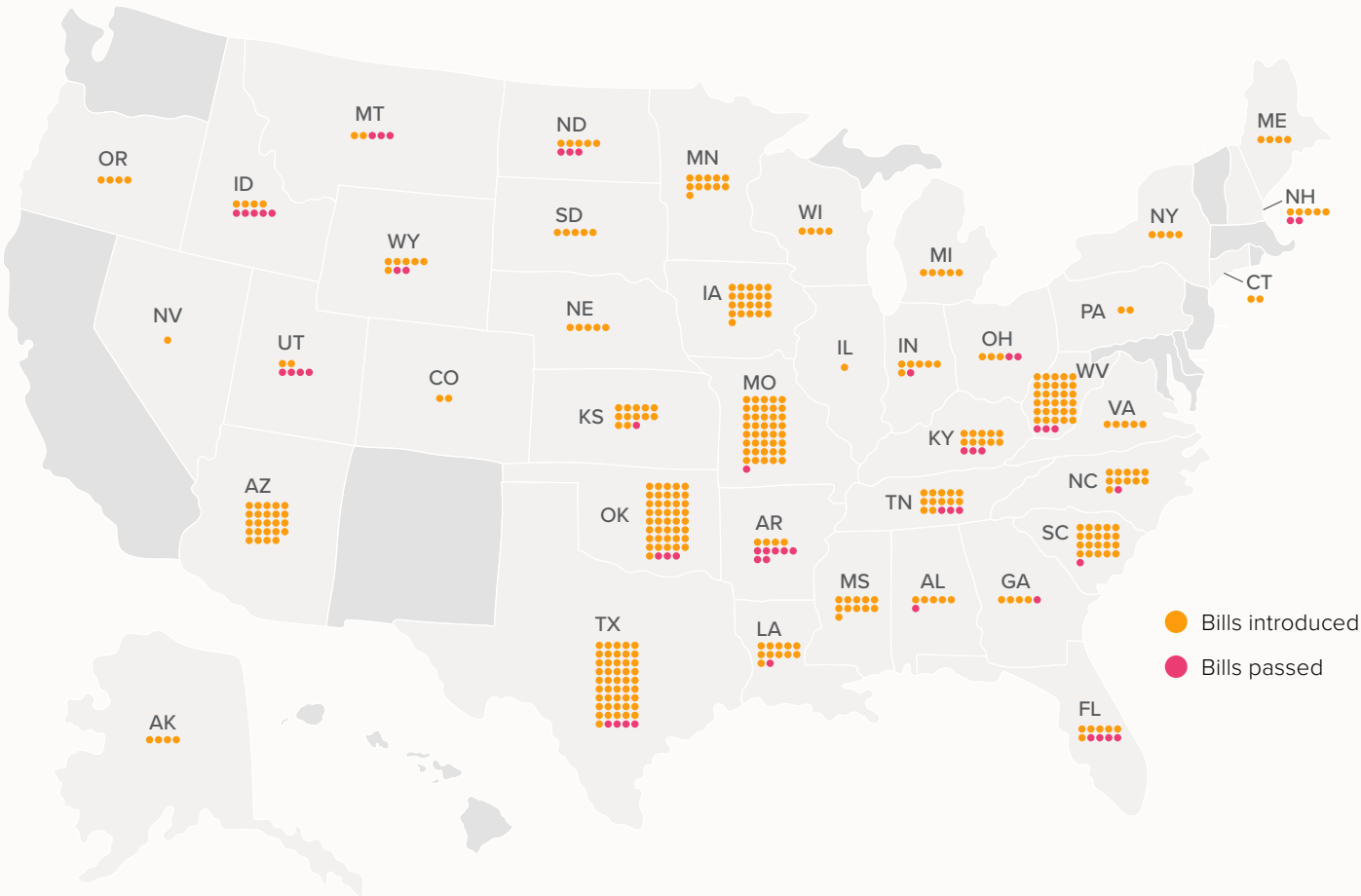
The goal: to prevent companies from engaging at all on topics that matter greatly to their investors, customers, employees, and bottom lines. Anti-ESG efforts seek to hold the capital markets captive not to the demands of the market, materiality, and judgment, but to the political whim of an extremist group of culture warriors and activists.



# 2025 STATE POLICY IN REVIEW

Since 2021, Pleiades Strategy has [tracked](#) 482 anti-ESG bills and resolutions introduced across 42 states. 52 of these have now become law in 21 states, including nine laws that passed in 2025. In addition, we expect two more finalized bills to be signed into law in Missouri and Ohio.

Fig. 2 — All Bills Introduced and Passed (2021-2025), Excluding Resolutions



## STATE ANTI-ESG BILLS IN 2025

**106**  
LEGISLATIVE  
PROPOSALS IN  
**32 STATES**

including 2 nonbinding  
resolutions.

**11**  
BILLS PASSED IN  
**10 STATES**

AR, FL, ID, KY, MO, OH,  
OK, TX, WV, WY

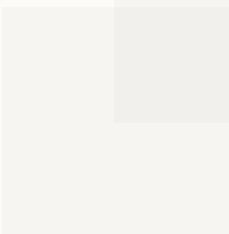
**70 LEGISLATIVE PROPOSALS ARE DEAD**

**20 INACTIVE BILLS WILL CARRY OVER INTO 2026**

**4 BILLS REMAIN ACTIVE IN 2025**

**1 AMENDMENT SOFTENING AN ANTI-ESG LAW PASSED IN ARKANSAS**





In 2025, we saw bills introduced at a pace consistent with 2024. We tracked 106 legislative proposals in 32 states, including two resolutions. With the majority of state legislative sessions concluded, eleven of these proposals have been finalized by the legislature, nine of which have already been signed by governors. Two more bills were finalized by the legislature, and is expected to be signed into law. In addition, lawmakers in Arkansas approved amendments to an existing anti-ESG [law](#) passed in 2023: [HB 1507](#) aims to forestall some of the previous law's costs and business uncertainties.

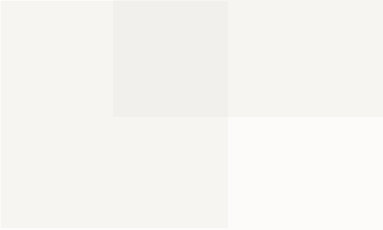
The content of state policy proposals continues to evolve. In 2025, we saw more proposals seeking to saddle financial institutions with liability for allegedly prioritizing ESG factors in business decisionmaking, and fewer bills targeting state pension and contracting authorities. In part, this shift reflects the fact that the anti-ESG forces have already gained ground: 18 states have passed laws targeting pension funds, and 14 states have passed laws weaponizing government contracts to constrain the private sector.

As in previous years, the state-level debates were tense and divisive. Bill proponents sought to tie anti-ESG efforts into the broader culture wars and dialogue around “woke capitalism.” Bill opponents that rarely see eye-to-eye on policy — including labor unions, investors, banking trade associations, chambers of commerce, insurance companies, climate advocates, and civil rights proponents — highlighted the costs and legal uncertainty of these policies to the retirees, local governments, and businesses they would impact.

As a result of these divisive debates, most proposals were heavily watered down during the legislative process. Many bills that passed offered rhetorical wins for sponsors but only limited impacts on actual financial management practice. Still, their passage contributed to ongoing private sector self-censorship and a chilling effect on corporate engagement on climate, DEI, and other politically charged yet material financial risks. This [chilling effect](#), of course, has been an outcome of anti-ESG policy efforts from the start.

## FROM THE PLEIADES STATE LEGISLATION TRACKER

Since we began [tracking anti-ESG legislation](#), it has been clear that model policies — drafted and circulated by organizations with deep historic ties to the fossil fuel industry and deep-pocketed culture war donors — were a significant part of the story (see pp. 12-29 of our [2023 report](#)). Understanding these models, how they are shared, and who is behind them can help us understand the motivations and interests behind these policies.



We have charted 13 known model policies to date as part of the anti-ESG efforts. These policies are championed by seven specific organizations, all right-wing think tanks and advocacy organizations. As these model policies are converted into legislative proposals within individual states, lawmakers have customized their bills in different ways. Some bills directly replicate the models; others incorporate elements from multiple models into hybrid legislation; and yet other proposals apply anti-ESG framing and policy mechanisms to new policy areas, like insurance or agribusiness financing.

In 2025, we saw at least five versions of each of the following broad categories of bills. (Please note that some bills fit into more than one category.)

- **44 bills imposing civil liability on the private sector**, most of which use a politically-charged definition of a “social credit score” or “ESG commitment” as evidence that an offense has been committed.
- **33 bills banning private sector ESG “scores,”** most of which overlap with the civil liability bills. Bills attempting to ban ESG scores have circulated since the beginning of this trend, with legislators and proponents often falsely asserting that individual people are subject to a secret morality score by their bank.
- **22 bills focused on restricting pension fund investments and related shareholder proxy voting activity.** In the name of prioritizing investment returns for retirees, these bills actually force pension fund managers to ignore material risks related to environmentally or socially negligent business practices.
- **19 bills weaponizing government contracts against the private sector**, to deter a variety of corporate environmental or social risk mitigation efforts that are broadly labeled as “ESG” activities.
- **7 bills attempting to ban government use of ESG “scores” or criteria**, often in the context of awarding government contracts. Proponents and politicians have often appealed to fears over the “Chinese Communist Party” to justify such efforts.

Many of these categories reflect certain [model legislation](#) that anti-ESG campaigning groups have circulated since 2022.

There were 20 additional bills that do not fit within the categories above, including versions of less common model legislation, and several unique kinds of legislation.

See the [Appendix](#) for a list of this year’s bills by category for more information.

# FROM THE PLEIADES STATE EXECUTIVE ACTION TRACKER

In addition to legislative attacks, state executives — including state treasurers, attorneys general, and secretaries of state — have taken [134 separate actions](#) to attack and undermine companies for addressing climate-related financial risk.

Much of this has taken the form of rhetorical bluster, such as sending intimidating letters to companies and their boards. But the fact that these executives’ power is limited by geography and specialization does not mean that their rhetoric has no effect. They shape the political context in their states, chill companies’ willingness to take aggressive stands on climate issues, and in some cases have real constitutional enforcement powers.

Since we last summarized our findings a year ago in Pleiades Strategy’s [May 2024 Anti-ESG State Executive Action Report](#), state executives have been somewhat less active — engaging in just 21 actions since May 2024. This is partly because, with a “friendly” administration in Washington, climate opponents are no longer seeking to prevent federal agencies from raising the regulatory floor for policies, such as climate-related risk disclosure. Those agencies are now largely on their side.

Table 1 — 2018-2025 Executive Actions

TYPE	COUNT
Letter	58
Rule	31
Legal Action	16
Divestment	11
Investigation	7
Legislation	6
Report	4
Shareholder Resolution	1
<b>TOTAL</b>	<b>134</b>

## 2025 STATE POLICY TRENDS

Across the states, a few anti-ESG policy trends stood out in 2025.

Some were continuations of prior dynamics: infighting between culture-war Republicans and those that prefer to maintain traditional financial industry practices, the defanging of many proposals from their most costly and extreme versions, a focus on limiting corporate shareholder proxy voting power, and continued and escalating threats of litigation by hostile attorneys general.

Others, such as the expansion of civil liability, and a deepening focus on the industrial agriculture industry, were predicted in our [2025 Session Outlook](#).

### ESCAPE CLAUSES IN ANTI-ESG LAWS

As we detailed extensively in our [2023 report](#), anti-ESG proposals are costly for pensioners and communities. Increasingly obvious financial consequences, mounting legal challenges, and opposition from key economic and political stakeholders have forced lawmakers to explore diluting and amending earlier anti-ESG efforts. This year, some anti-ESG bills were watered down during the legislative process, and “fixes” were proposed (some successfully) to previously passed laws.

Note that while defanged bills are less costly, the very threat of bills has [already chilled](#) corporate action in environmental, social, and governance risk management. Even weak bills have exerted pressure on the private sector to restrict and censor its own risk management.

Here are several bills that were weakened this year as they moved through the legislative process:

- **Missouri:** [HB 147](#) (limitations on police pensions) was amended to be more rhetorical and less prescriptive; it now only prohibits use of ESG investing criteria in a way that would “override... fiduciary duties.” Multiple state retirement system officers affirmed that such language will not change their current standards. Attempts to add more extreme language to the bill on the Senate floor failed.
- **Oklahoma:** [SB 500](#) (version of the Firearm Industry Nondiscrimination Act) was amended with an escape clause allowing “a company’s refusal to engage in the trade of any goods or services” based on any “traditional business reason that is specific to the customer.”
- **West Virginia:** [HB 3342](#) (version of the Firearm Industry Nondiscrimination Act) was amended with an escape clause protecting any “financial institution that chooses not to provide services [to a firearms company]...for a business or financial reason.”

Additionally, two bills attempted to soften existing anti-ESG laws, including one that passed in Arkansas:

- **Arkansas:** [HB 1507](#) amended 2023 [HB 1307](#) with an escape clause allowing public entities to bypass restrictions if they would result in a “materially negative financial impact.” HB 1507 was signed by the governor as Act 252.
- **Oklahoma:** [HB 2043](#) attempted to soften the 2022 Energy Discrimination Elimination Act, which was [nullified](#) by a judge last year after a lawsuit by a retired public employee. The 2022 law became infamous after it [artificially increased](#) the costs of municipal bonds. HB 2043 would exempt municipalities from the law. It passed out of the House this year before stalling on the Senate calendar, but it will carry over into the 2026 session. A [similar](#) bill [failed](#) in 2024.

As the passage of [SB 183](#) in **Kentucky** proved, however, amendments to anti-ESG laws can cut either way. This new law amended a 2023 anti-ESG [law](#) that established comparatively mild restrictions on shareholder voting activities through proxies. This year’s amendment added more red tape for pension funds seeking to vote against the recommendations of company management on shareholder proposals, and coincides with a renewed focus at the state and national levels on curtailing investor oversight over their holdings through the proxy voting process.

## REPUBLICAN INFIGHTING

Anti-ESG policies have been advanced almost exclusively by Republican elected officials, yet there have been stark differences of opinion among Republican policymakers. In multiple states, anti-ESG proposals have flared into conflicts within Republican ranks. Republican state treasurers — who serve as legal [fiduciaries](#) for their states, and are attuned to the objective interests of investors — have tangled with other state executive politicians who are committed to prosecuting a culture war. In some places, this has put treasurers and staff into a tough position, as they attempt to appease their more extreme colleagues while maintaining high professional investment standards. In other places, feuds have arisen over who can take credit for leading the anti-ESG charge.

In [Iowa](#), [Senate Study Bill 1056](#) proposed limitations on pensions' ability to vote against corporate management on shareholder proposals. A representative of the state treasurer's office attended a subcommittee hearing to announce concerns about provisions of the bill. Revealing that the legislation originated in the state attorney general's office, Molly Widen of the Iowa Treasurer's Office stated:

*This is our first opportunity to hear from the attorney general's office about the origin of it and how it was written. And I know that we utilize outside counsel for investment counsel. [The Iowa Public Employee Retirement System] utilizes outside investment counsel. Obviously, we don't use the attorney general's office. So I'm just interested in where that expertise comes from within their office to author and propose the bill.*

The bill proposed prohibiting decisionmaking based upon ESG factors unless they are justified through an "economic analysis." After the bill was approved by the subcommittee — despite widespread opposition that included the state pension system and county treasurers — all of its provisions were added to another bill, [House File 721](#).

In [Wyoming](#), Secretary of State Chuck Gray has been antagonistic toward state Treasurer Curt Meier, whose office has expressed practical concerns over several anti-ESG bills and rules.

Meier is a [member](#) of the State Financial Officers Foundation ([SFOF](#)), which has [coordinated](#) state treasurers to [shield](#) risk-laden industries like guns, coal, and oil from financial institutions' due diligence and risk management calculus. SFOF funders are [largely unknown](#). Despite this affiliation, Meier's staff have balked at belligerent bills that risk heavy losses to the state's pensions and investments. In opposition to one such bill this year, [HB 80](#), Meier [warned](#) that if the legislation became law:

*"You can probably say the better half of my staff are all going to walk out the door... Every one of our managers are going to say that there is a material change in our contracts and they're going to walk out the door. And we're going to be left with nobody to invest and no markets to invest in."*

Concerns raised by Treasurer Meier and his staff over HB 80 were echoed by business lobbyists representing not just banks, but oil, gas, and mining — the very industries that bill sponsors claim to support.

Meier's opposition to such bills was publicly criticized by Secretary Gray, including in a radio [interview](#) hosted by the conservative Cowboy State Daily. After Meier testified against HB 80, members of the WY House Freedom Caucus sponsored [HB 291](#), which would have blacklisted companies from state contracts — which Treasurer Meier emphatically opposes — and delegated enforcement power to the Secretary of State instead of the Treasurer. Meier [called](#) the bill “a direct affront” to his office in a committee hearing:

*This particular bill is having the Secretary of State get into my business and get into the auditor's business. [...] I don't have the level of..comfort to let some other elected official, whose primary duties are elections, [while] our primary duties in our office, and in the auditor's office, is accounting for every red cent that the state has. And, making 30% of the profit that we...need to run the state. [The expertise] just does not exist in this Secretary of State's office nor did it exist in any previous Secretary of State's office.*

Wyoming sessions concluded with only one anti-ESG law passed: [SF 191](#), which represents a significant compromise compared to the more controversial HB 80 and similar bills that previously failed in 2023 (see pp. 43-44 of our [2023 Statehouse Report](#)).

Secretary Gray also previously [clashed](#) with Treasurer Meier and Governor Mark Gordon over two anti-ESG rules proposed by executive agencies in 2023, including one [established](#) by Gray's office seeking to intimidate private investment advisors who might incorporate ESG-related funds or metrics as part of their investment advice to clients. After Gray's rule was [adopted](#), it was [trimmed down](#) by Governor Gordon through a series of [line item vetoes](#).

In [Oklahoma](#) there has been an ongoing public [feud](#) between Treasurer Todd Russ and Attorney General Genter Drummond, both anti-ESG boosters. The public rift first emerged after litigation [challenged](#) the 2022 Energy Discrimination Elimination Act, which was among the very first wave of anti-ESG bills introduced in the states. The law required Treasurer Russ to prepare a blacklist of financial entities allegedly boycotting fossil fuel companies. A lawsuit initiated by a retiree resulted in a permanent injunction against the [costly](#) 2022 law, and AG Drummond openly blamed Treasurer Russ, who supported the law, for failing to defend it in court. Drummond has [taken over the case and appealed](#) to the state Supreme Court.

The conflict between Russ and Drummond has extended to the state legislature. Through [Senate Bill 714](#), some legislators were hoping to remove the treasurer as the enforcer of the law, and instead empower the state attorney general with enforcement.

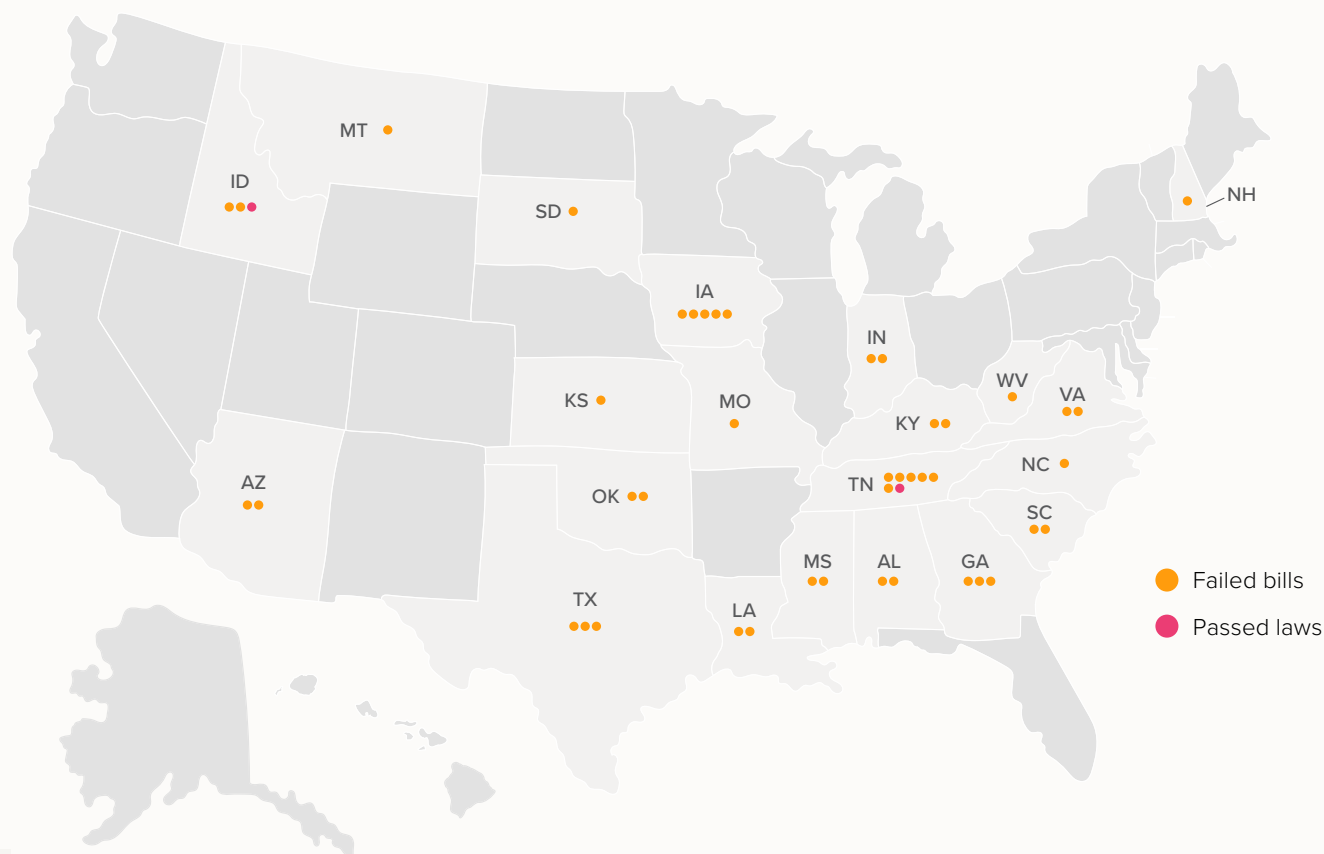
The bill was approved by committee in May, but it did not receive a Senate floor vote before the legislature adjourned. The bill will carry over into the 2026 legislative session.

Treasurer Russ, a member of the [State Financial Officers' Foundation](#), has had a [confrontational relationship](#) with the OPERS pension board. OPERS voted last year to exercise a fiduciary exemption and maintain investment relationships with two firms that were blacklisted as a result of the 2022 law, BlackRock and State Street, which together manage approximately 60% of OPERS' funds.

## APPROPRIATING CIVIL RIGHTS CONCERNS TO SHELTER RISKY INDUSTRIES

Since 2024, a wave of state legislation framed around a manufactured “[debanking](#)” crisis has been backed by far-right legal groups like the [Alliance Defending Freedom](#) (ADF). We covered ADF in detail in our [2024 Statehouse Report](#). ADF [created](#) a model bill, “the Equality in Financial Services Act” (EFSA), which co-opts the language of anti-discrimination. The proposal would coerce banks, credit unions, insurers, and payment processors, through the threat of civil liability and government penalties, into servicing risky industries and extremist organizations — regardless of any legitimate financial risks or public harms they may cause.

Fig. 3 — All Equality in Financial Services Act Bills Introduced and Passed (2024-2025)





## A Hate Group In Need of Financial Services

The Alliance for Defending Freedom (ADF) is an SPLC-designated hate group due to its campaigns discriminating against LGBTQ+ people and its support of dominionist white Christian supremacy. Due to ADF's discriminatory positions, ADF's funders have been pressured to cease their support, and ADF has struggled with the financial consequences of its own bigotry.

For this exact reason, ADF and its allies at the Foundation for Government Accountability have supported a trend of cookie-cutter “debanking” bills in the states over the last year that attempt to compel financial institutions to underwrite ADF's agenda by forcing them to choose between managing risk or potential state penalties and lawsuits.

ADF has supported or lobbied for versions of these bills in at least 11 states since 2024, and ADF and its political advocacy affiliate, ADF Action, lobbied or testified in support of its model bill in Alabama, Idaho, Iowa, Kentucky, Montana, Virginia and West Virginia, as well as in support of a similar bill in Texas that had less extreme provisions.

In many of these states, ADF's lobbyists read from the exact same script in their testimony, falsely portraying the bills as a solution to racial “redlining.” Racial discrimination in banking is a real problem, despite being illegal, and yet the ADF model and its simultaneous push for “viewpoint diversity” is not designed to solve these real inequities.

We have tracked 46 of these EFSA bills in 21 states since 2024, including 25 bills in 17 states this year.

In nearly every state where the ADF's EFSA bill has been introduced, business voices across the political spectrum sounded a clear alarm: this legislation would create serious financial, legal, and regulatory exposure.

In state after state, lobbyists representing banks, insurance and other business interests came out in force against the ADF-derived proposals. For example, **Montana's** SB 240, which died in the Senate after passing out of committee, received fiery opposition from business groups:

- Montana Bankers Association: “[Banks] do have to make decisions based on risk when they evaluate their customers or potential customers, and they have to mitigate that risk. That’s not something that is optional.” (Video at 9:19:19 AM)
- Montana Chamber of Commerce: “There’s a reason that all banks or credit unions in Montana, large and small, uniformly opposed Senate Bill 240 because it’s not about Montanans being denied loans because they’re not woke enough. [...] The

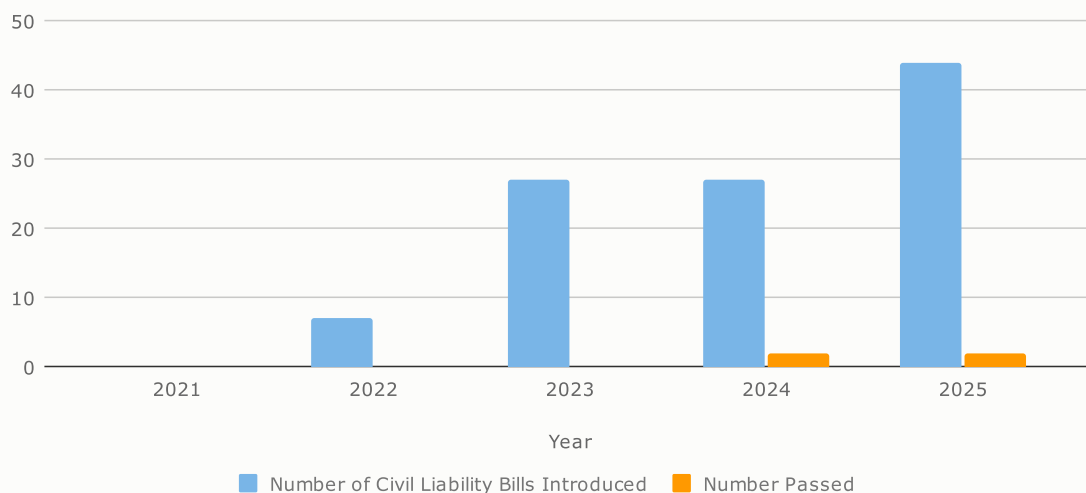
real unintended consequences of Senate Bill 240 are to expose banks to lawsuits if they deny financial services based on criminal activity that they suspect and refuse to reveal that to a customer to protect an investigation.” ([Video at 9:31:05 AM](#))

In **New Hampshire**, [HB 359](#) was opposed by a number of people, including the state’s assistant attorney general, the state bank commissioner, and lobbyists representing banks, insurance companies, and socially responsible businesses organizations. The New Hampshire Bankers Association told legislators, “[HB 359] would erode risk-based decision making, increase regulatory and legal uncertainty, and there’s several unintended consequences for consumers, including, but not limited to, potential of limiting banking opportunities.” ([Video at 1:50:58](#))

In **Virginia**, [HB 2073](#) and [SB 1453](#) died in committee after banking and credit union lobbyists faced off against the ADF. In their testimony, the Virginia Association of Community Banks highlighted warnings about the conflict between the ADF’s legislation and federal regulations: Virginia’s community banks are concerned that SB 1453 may create conflicts with federal anti-money laundering and counter terrorism financing laws. If banks are prevented from acting on identified risks, it could result in severe penalties, including a loss of FDIC insurance and a loss of access to critical federal liquidity programs....” ([Video at 1:12:15](#))

As a result of such consistent and vocal opposition, while the Equality in Financial Services Act was the most prevalent of all the model anti-ESG bills introduced this year, only one of 25 proposals became law: Idaho’s [S 1027](#). Two similar laws passed in 2024, Florida [H 989](#) and Tennessee [HB 2100](#).

Fig. 4 — Civil Liability Bills Proposed Over Time (2021-2025) Bar Chart



## FARMWASHING: CO-OPTING FARMERS TO PROTECT HEAVY POLLUTERS

The agriculture sector produces 10% of U.S. greenhouse gases and faces severe vulnerabilities to drought, floods, extreme heat, and other climate-driven extreme weather. But since 2024, there has been a concerted effort led by anti-ESG and debanking proponents, including by Heartland Impact, to allege that financial institutions are “discriminating” against the corporate agriculture sector if they make climate commitments or utilize objective climate risk criteria in their decisionmaking.

These newest bills are pitched as addressing farmers’ interests, but in fact they only support Big Ag, doing nothing to help the almost 2 million family farms across the country that may be directly confronting the impacts of climate change or difficulties in finding farm financing.

In 2024, South Carolina became the first state to consider a distinct agriculture civil liability bill similar to the ADF model, with a focus on coercing financial institutions to ignore environmental and social risks related to corporate agriculture. While the S.C. bill ultimately failed, seven more versions have since been introduced this year in four states. This year, Florida became the first state to pass such a law, and North Carolina legislators have advanced a version through the state senate. Although significant amendments removed the provisions relating to civil liability, the bill would establish unspecified enforcement powers for the state agriculture commissioner, Steve Troxler, who previously signed on to efforts to pressure banks to leave the Net Zero Banking Alliance.

While it is unclear how many agriculture companies and interest groups are supporting these specific state anti-ESG policies due to a lack of disclosures in states where such bills have been attempted, the industrial agricultural sector’s involvement in climate delay is not new. The sector has long been active in attempting to weaken climate financial policymaking, including weighing in against the SEC’s Climate Disclosure Rule and helping to block Scope 3 reporting requirements that would daylight polluting emissions in the agriculture sector.

## MUTING INVESTOR OVERSIGHT

In a warning sign for climate-related proxy voting strategies, Texas legislators passed SB 2337, a far-reaching bill signed by the Governor in late June, which heavily restricts shareholders’ ability to provide oversight of the companies they are invested in. It would permit proxy advisors or others who analyze shareholder proposals to make judgments based only on narrowly defined “financial factors” and “risk,” specifically prohibiting ESG and DEI. It would require them to make only a single recommendation on any given proposal, applicable to every investor despite their varying circumstances and priorities. And it would extend broad rights of civil action against purported violations.

The law received opposition from [proxy advisor service providers](#) and a [number of nonprofit organizations](#) in the legislature. It was supported primarily by fossil fuel companies (chiefly ExxonMobil, which has been [waging](#) a multi-year battle against its own shareholders) and associated interest groups (some [funded by ExxonMobil](#)) already trying to limit investors' ability to exercise oversight over the companies in which they hold shares.

### **Culture war self-promotion**

State attorneys general are also leveraging the anti-ESG culture war to raise their own profiles. Florida Attorney General James Uthmeier, appointed in February 2025 to succeed Ashley Moody after she was appointed to the Senate, has been involved in a number of anti-ESG actions. In conjunction with Trump's far-right advisor [Stephen Miller's](#) America First Legal, Uthmeier [sued](#) Target, claiming it "actively misled" investors through DEI and ESG initiatives. Miller himself has used America First Legal to file [multiple lawsuits](#) targeting private sector DEI initiatives and voting rights.

Uthmeier rested his claims on Target's 2023 Pride Campaign, claiming sales of LGBTQ+ friendly products hurt the stock price by kicking off a right-wing boycott — and implying that virtually any loss in stock value could be grounds for a lawsuit. In April 2025, Ohio Attorney General Dave Yost, who was [running](#) for Governor at the time, [filed](#) to join Florida's lawsuit against Target and [promoted](#) it in three successive posts on X.

## **HARASSMENT BY LAWSUIT**

Anti-ESG state executives have [used](#) the legal system to build rhetorical momentum, filing at least eight anti-ESG lawsuits since 2023 and staging an additional seven "investigations" since 2021. Four lawsuits specifically targeted federal rules, namely the SEC's [2024 Climate Disclosure Rule](#) and the Department of Labor's [2022 Prudence & Loyalty Rule](#). Anti-ESG attorneys general also filed lawsuits targeting a range of private actors.

In December 2023, Tennessee Attorney General Jonathan Skrmetti [sued](#) BlackRock for purportedly misleading investors by offering ESG products. The only updates on the case came from Skrmetti himself; the docket was never [updated](#) with filings from either party. Three days before President Trump's 2025 inauguration, Skrmetti dismissed the lawsuit after entering into a [settlement](#) with BlackRock. He [called it](#) a sweeping anti-ESG victory, but BlackRock's "concession" was mostly disclosure of [already-public data](#).

## PERVERTING ANTITRUST AND CONSUMER PROTECTION LAW

In November 2024, Texas Attorney General Ken Paxton and 10 other GOP attorneys general [sued](#) BlackRock, State Street, and Vanguard, claiming that they had colluded to reduce coal output and raise prices by implementing ESG policies. The [complaint](#) alleges that asset managers colluded by joining initiatives like the Net Zero Asset Managers initiative and Climate Action 100+, even though those voluntary associations [do not enable](#) any form of collusion or coercion.

Texas' complaint places most, if not all, of the responsibility for coal's declining share of U.S. energy production at the feet of these asset managers, rather than acknowledging that renewables are now [cheaper](#) to build and fossil gas growth is [surging](#). It is not incremental investment policy changes by a few asset managers that have slashed U.S. utilities' [coal consumption](#) by more than half in 15 years.

# CONTEXT: A NEW FEDERAL LANDSCAPE

As laid out above, the policy landscape in the states matches many of our [expectations](#) headed into the 2025 sessions. It was a nuanced landscape where anti-ESG policy proposals were largely met with diverse, often highly effective opposition.

Yet with the GOP controlling both Congress and the White House, the federal backdrop against which anti-ESG state action has taken place shifted markedly after January 2025.

The new governing majority in Washington, D.C. immediately set out to stall both public- and private-sector activities that respond to climate risk and advance the energy transition. This includes reversing Biden-era advances in transparency and climate risk response in the financial system, as well as broader transparency for ESG practices.

## Anti-ESG and Project 2025

The Heritage Foundation, Project 2025's [chief architect](#), is deeply committed to anti-ESG and is responsible for three model bills: the [Eliminate Economic Boycotts Act](#), [State Pension Fiduciary Duty Act](#), and [Proposed UPMIFA Amendment](#). It has also testified in legislatures for a range of restrictive measures that would decimate the abilities of regulators, state governments, and even the private sector to take into account real, material risks to the financial system.

In Project 2025's 900-page [vision](#) for the United States, "ESG" is mentioned 42 times. The plan calls for more fossil fuel production and consumption, rather than investing in newer, cheaper, and more efficient energy sources, [accuses](#) ESG of being a mechanism for anti-fossil-fuel collusion, and [demands](#) the repeal of the SEC Climate Disclosure rule. Its authors are now [spread](#) throughout the Trump administration, including Russ Vought, the initiative's leader. The Trump administration has become Project 2025's enforcers. It [called](#) for the repeal of the SEC Climate Disclosure rule and for using the Federal Trade Commission to target companies that continue to track, report, and publicize climate-related goals and disclosures. Many of the anti-ESG provisions of Project 2025 have already been tested at the state level, where Heritage Foundation staff have been busy [pushing](#) model legislation.

In April, Trump's SEC [voted](#) to end its defense in ongoing litigation over the [2024 Climate Risk Disclosure](#) rule, which had long been in the anti-ESG movement's sights, targeted by [state treasurers](#), [attorneys general](#), [anti-ESG advocates](#), and the [fossil fuel industry](#). In June, the Trump Department of Labor [withdrew](#) the department's ESG rule, the Prudent and Loyalty Rule, and the Securities Exchange Commission also [withdrew](#) proposed rules requiring enhanced disclosures on ESG funds. The Trump appointee-led Federal Trade Commission has even [joined](#) state-led lawsuits against asset managers. This erosion of climate financial regulations threatens the private sector's ability to proactively assess, acknowledge, and react to the massive risks that climate change poses.

These rulemaking reversals have long been a target of [anti-ESG state action](#) and [fossil fuel industry lobbyists](#). On the Hill, Republicans in Congress have been a willing and often eager accomplice to anti-ESG and anti-clean energy efforts, holding hearings, introducing bills, and often declining to use its authority to intervene even when executive branch actions directly contravene statute.

On anti-ESG issues in 2025, Republican-led committees have continued to hold [hearings](#) targeting private-sector climate action and supported undermining the federal government's ability to manage and disclose risk in the economy. This includes the introduction of the [FIRM Act](#), approved by committees in both the Senate and House, which would [limit](#) the federal government's ability to consider "reputational risk" as part of regulating federal depository institutions. A more stringent proposal called the [Fair Access to Banking Act](#) would impose civil liability on financial institutions and payment processors, allowing customers to sue if they believe they have been "discriminated" against for any reason other than "quantitative, impartial risk-based standards established in advance," including "reputational risk."

A few principles underscore and connect all of these actions:

- A dedication to selective provision of legal cover, political backing, and financial support to donors — particularly fossil fuel interests
- A disregard for second-order effects and externalities that follow from forcing companies, regulators, and even investors to ignore material risks throughout the financial system
- A willingness to massively increase the costs and complexity of investing in an objectively urgent energy transition

While the rest of the world is moving forward, the United States will fall behind — to the detriment of working people, investors, and American companies who will face steeper, sharper competition from abroad. Elsewhere, regulators and institutional investors are advancing [comprehensive frameworks](#) to track and manage climate-related risks, and asset managers are making [massive and transformative investments](#) in the energy transition and related manufacturing. The Inflation Reduction Act was part of this global movement, driving [emissions reductions](#) and [economic prosperity](#). But politics, in defiance of reason, is undoing all our progress.



# CORPORATE RESPONSE TO ANTI-ESG POLITICIZATION

The anti-ESG campaign has explicitly singled out a few financial institutions as a means of intimidating entire sectors. Their message is [clear](#): deviate from a preferred economic and investment doctrine, and a firm could be [targeted](#) by aggressive public pressure from more than a dozen GOP-led states, as well as members of Congress.

From the start, anti-ESG legislators and state executives have [targeted](#) BlackRock, one of the country's [largest asset managers](#). BlackRock alone was the target of at least 28 separate anti-ESG actions by state executives, ranging from letters demanding resignations to investigations to lawsuits.

For years, BlackRock [attempted](#) to placate anti-ESG proponents, especially Texas officials who [initially listed](#) the firm on their state's blacklist of financial institutions under the 2021 Energy Discrimination Elimination Act. Soon thereafter, BlackRock began to highlight its [\\$225 billion](#) investments in domestic fossil fuel companies and sent [private reassurances](#) to Texas officials that it was extremely "supportive" of oil and gas companies. In early 2024, BlackRock [helped orchestrate an energy summit](#) to support the Texas power grid with CEO Larry Fink headlining the event and pledging to facilitate \$10 billion in investments. In the spring of 2025, BlackRock even [applied](#) to launch a "Texas" ETF. Perhaps the biggest symbolic concession was BlackRock's decision to leave international climate collaborations, [transferring membership](#) in Climate Action 100+ to BlackRock International and [fully exiting](#) the Net Zero Asset Managers initiative at the beginning of this year. Texas officials [removed](#) BlackRock from the state's blacklisted asset managers in June 2025.

At the same time, BlackRock continues to [offer](#) ESG funds and "sustainability solutions" to climate change, and it's a massive [bet](#) on energy transition infrastructure projects. Political pressure cannot make the objective reality of the opportunities of low carbon investments disappear — it has just been [couched in other language](#).

BlackRock is not the only firm to have pulled back on their climate rhetoric and collaborations. A number of major financial institutions — including BlackRock, State Street, and Vanguard — have [exited](#) climate alliances, anticipating elevated pressure from the federal government and GOP-led states under a Trump administration.

Many anti-ESG officials have continued to harass asset managers. Three days after President Trump's inauguration, Texas Attorney General Ken Paxton led 10 state attorneys general in [sending a letter](#) to six major financial institutions warning them that they would continue to target them over DEI and ESG initiatives, describing clean energy as a "scheme." Another group of attorneys general filed a [lawsuit](#) against a

group of asset managers over their ownership stakes in coal companies, hijacking antitrust and consumer protection law on behalf of a small group of multi-billion dollar coal companies. These efforts are already finding purchase at the federal level as well, with the Trump DOJ and FTC [filing a joint statement of interest](#) on ESG and antitrust in May of this year.

In the face of mounting climate risks, the [dissolution](#) of these voluntary collaboration spaces and the escalation of politicized legal threats makes forging climate progress harder.

### **Greenhushing**

The anti-ESG campaign, now coordinated federally and at the state level, has put some companies in a tricky position: they know they are increasingly exposed to systemic climate risk, but don't want to be targeted for harassment on political grounds. This has driven climate risk integration and climate action underground, a phenomenon [known](#) as "greenhushing."

Surveys of companies and business leaders [indicate](#) the chilling effect is real: 58% of companies are decreasing public communications about their net-zero targets or climate action. But many [continue](#) to discuss climate change and climate-related financial risk in boardrooms, as the materiality of the crisis manifests itself worldwide.

# CLIMATE RISK IS KNOCKING

The Trump administration has chosen to advance the fossil fuel industry's narrow interests over the broader interests of the economy as a whole. It has [targeted](#) multiple state climate policies, including [disclosure](#) rules and attempts to [recover](#) the costs of climate change, and it has proposed giving a [liability shield](#) to the fossil fuel industry, much as the government has already [shielded](#) the firearms industry. Taken together, these actions aim to prevent state governments, pensions, companies, regulators, and investors from being able to identify, track, and act on real, climate-related financial risks to their bottom line.

This weaponization of the capital markets against climate action is happening right as the mounting costs of a changing climate are beginning to ring loudly through the financial noise.

Climate-related financial risk comes in two [varieties](#): **transition risk** related to the energy transition (legal, technology, market, reputational), and **physical risk** stemming from both individual weather disasters and long-term change like rising temperatures. The two are often [inversely related](#), and the rational long-term strategy is to reduce physical risks in the future by taking on policy and financial costs in the present. The anti-ESG campaign inverts this: they aim to minimize controllable transition costs now, at the cost of exacerbating uncontrollable physical risks later.

Capital allocation must change. It can either change today, in a controlled, measured way, or it will be forced to change, catastrophe by catastrophe. Anti-ESG policies have the effect of tying investors' hands, obligating them to either invest in ways that lead to avoidable risks or accept harassment, fines, and civil liability.

Already, climate-driven financial risks are here and we can see signals in the insurance markets, municipal financing, and pension futures.

## INSURANCE IMPACTS

Property insurance is the "[canary in the coal mine](#)" of climate-related financial risk. From 2020 to 2023, average home insurance premiums [increased](#) by an inflation-adjusted 13%, and by vastly more in [high-climate risk areas](#). According to the Treasury Department's [Federal Insurance Office](#), homeowners in the top quintile of climate-vulnerable areas pay, on average, 82% more for insurance than those in the bottom quintile.

Equally concerning, homeowner insurance in some areas has become entirely unavailable. Policy nonrenewals are on the [rise](#) nationwide, but rising much more rapidly in zip codes with the highest expected loss from climate-driven events. In some areas, insurers are [withdrawing](#) from markets entirely, refusing to issue policies

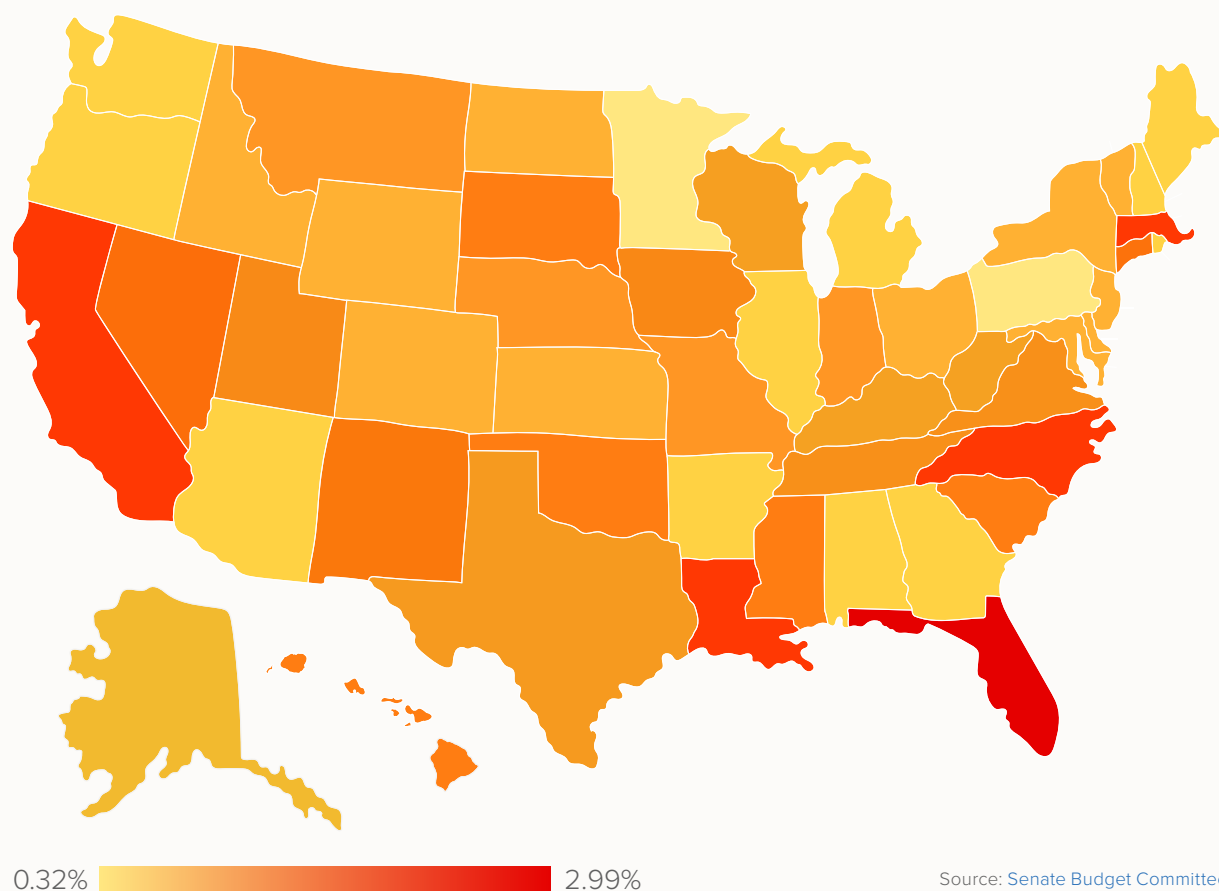
in certain areas or states. Withdrawals have drawn the most attention in states like California and Florida, but they have impacted communities in a range of states, including Hawaii, Colorado, North Carolina, Louisiana, Illinois, Texas, and Iowa.

These effects are systemic: changes in the insurance market are a leading indicator of what will occur in the real estate market more broadly. Uninsured — who represent 13.4% of homeowners — or underinsured homeowners will have to pay out of pocket to rebuild their homes, or abandon their properties entirely, when disaster hits. Faced with the entire cost burden, homeowners without insurance will be significantly more likely to default on loan obligations and mortgages, potentially creating new banking crises following natural disasters.

Any widescale decline in property values would thus present a systemic risk to the U.S. economy similar to what occurred during the 2007-2008 mortgage meltdown and ensuing global financial crisis. The difference from 2008 is that the financial system and asset values could and did recover. The physical risks of climate change make a similar recovery unlikely: a home too endangered to insure will only become more endangered.

U.S. Senate Budget Committee  
December 2024

Fig. 5 — State Policy Nonrenewal Rates



Source: Senate Budget Committee

## MUNICIPAL BORROWING IMPACTS

Municipalities themselves are already facing dire physical risks to their [infrastructure](#) due to climate change. Chronic and acute climate damage will raise the costs of [construction](#), [maintenance](#), and [borrowing](#). State and local governments [own](#) 23% of all fixed assets in the U.S. and finance 70% of all public infrastructure projects. And they are also acutely vulnerable to fluctuations in real estate value, [relying](#) as they do on property taxes for most of their revenue.

As physical impacts hit fixed assets, municipalities will [need to issue](#) much more bond debt to cover the rebuilding of infrastructure prior to the end of its estimated lifespan, even as their borrowing costs [increase](#) due to climate-related risk. Disasters [dramatically](#) impact municipal finances, reducing expenditures and revenues and increasing debt, often for decades. This toxic brew threatens municipal bond markets, currently [worth \\$4 trillion](#), which are the primary financing source for public projects. Worsening this crunch is the fact that a large share of municipal debt is [secured by](#) projected property tax flows and fixed assets — both of which will [be heavily impacted](#) by valuations shaped by climate change.

Municipal borrowers are already feeling the strain. In January 2025, S&P Global Ratings [downgraded](#) the Los Angeles Department of Water and Power by two notches — to A from AA- for its power bonds and AA- from AA+ for its water division. S&P wrote that “the increasing frequency and severity of highly destructive wildfires within LADWP’s service territory and recent spread into more urban areas highlights the utility’s potential vulnerability to financial liability claims that could eclipse its liquidity and insurance coverage.” S&P Global is now [integrating](#) wildfire risk into its municipal bond ratings practices for California offerings, which threatens to increase borrowing costs even further.

The anti-ESG campaign is not only telling municipalities and companies who service municipal borrowers that they cannot consider these factors, it is also burdening them with additional costs by limiting access to financial providers. As a result of anti-ESG laws passed in [Florida](#), [Oklahoma](#), and [Texas](#), local governments in each were forced to pay significantly more to borrow money for infrastructure and public works projects. Anti-ESG actors in the federal government have also [put disaster relief](#) in their crosshairs — a [critical tool](#) for [stabilizing municipal bonds](#) and budgets after disasters hit. Increasingly, municipalities will be on the hook for dealing with and recovering from disasters without federal aid, at a moment when their financial situation is becoming more precarious.

The retrograde restrictions being forced upon cities and towns in the U.S. contrast with the forward-looking approach of counterparts in Canada, where cities are [increasingly](#) turning towards green bonds to finance resilience projects, ensuring that their dollars spent today go towards promoting long-term fiscal health.

## PUBLIC WORKER RETIREMENT IMPACTS

State and local pension funds [manage](#) a collective \$6.1 trillion in assets obligated to America's workers. This money represents the hard-earned deferred income of millions of employees, from teachers to janitors to police officers. Anti-ESG legislators have considered 104 bills restricting state pensions from considering climate risk mitigation or monitoring in their investment decisions.

Pensions, and in turn American retirees, are acutely susceptible to climate risks. In 2021, the Financial Stability Oversight Council [identified](#) climate change as "an emerging and increasing threat to U.S. financial stability." Threats include those to capital markets, through which pension funds own a mix of traditional public equities, bonds, and a range of alternative investments, including private equity.

Climate change is estimated to [decrease](#) global equity value by 40% to 50%. Individual companies and investments have varying degrees of exposure to climate risk, and each investor, as well as each of their portfolio companies, must be able to assess this risk appropriately. This is doubly important for pension funds, which have legal obligations to current and future retirees and must pay out their obligations regardless of their performance.

**40-50%**  
OF GLOBAL EQUITIES AT RISK

**\$6.1 TRILLION**  
IN PUBLIC WORKER PENSIONS

# CONCLUSION

Climate-driven financial risks are here. We can see that clearly in the insurance markets already. The early signs are beginning to appear in municipal financing. And pensions, dependent on long-term value, are increasingly recognizing their vulnerabilities. The physical risks of climate change are already here, too, and being felt across the economy by people, investors, companies, and governments alike who must all be able to account for and manage these risks as they increasingly manifest themselves.

The coordinated effort of anti-ESG forces to weaponize state finances and financial regulation in order to delay the clean energy transition and prevent the private and public sectors from addressing the costs of climate change is not slowing — it is expanding.

With the Trump administration's regulatory authorities now in lockstep with anti-climate proponents, the private sector and Democratic-run states are facing new pressure to abandon real progress towards managing the risks of climate change and investing in the opportunities of the energy transition. Lawmakers who acknowledge reality must see through this distraction and steer their jurisdictions accordingly, because nothing can alter the facts that the anti-ESG campaign asks us to blind ourselves to: burning fossil fuels is changing the climate for the worse, and in response, global decarbonization is progressing rapidly.

The economic pressures will get worse, as the frequency and severity of climate-fueled disasters continue to [increase](#) dramatically with ramifications already ricocheting throughout the financial system.

It will be incumbent upon financial stewards to act accordingly to protect their bottom lines on behalf of the people, communities, and companies they serve.





# APPENDIX

The following chart sets out the major typologies of bills seen in 2025 sessions, to illustrate the most common policy levers targeted by anti-ESG proposals this year. For each typology — or broad policy tactic — we outline the major model bills informing specific bills introduced in state legislatures. Note that the total bill count here is not additive, because often bills will have provisions that touch on two or more policy tactics.

BILL TYPOLOGY	MODEL BILLS
<b>IMPOSING CIVIL LIABILITY ON THE PRIVATE SECTOR (44 BILLS)</b> These bills aim to intimidate companies by threatening financial institutions and insurers with financial liability for allegedly using a “social credit score” or “ESG commitment” in their decision making, terms that are defined with politically loaded language. They provide for companies to be sued in civil court, potentially leading to fines, damages, or court-ordered changes in business practices.	
	<p><b><u>Alliance Defending Freedom’s “Equality in Financial Services Act”</u></b></p> <ul style="list-style-type: none"> <li>• 25 bills introduced across 2024–2025 follow this model, which forces financial firms to justify any risk-based denial of service to politically-protected industries or groups.</li> </ul> <p><b><u>Heartland Impact’s “Farmer Protection Act”</u></b></p> <ul style="list-style-type: none"> <li>• Seven bills use this model to protect agricultural businesses from ESG-based lending or investment decisions. Heartland Impact is the lobbying affiliate of the Heartland Institute.</li> </ul> <p><b><u>Heartland Institute’s “Fair Access to Financial Services Act”</u></b></p> <ul style="list-style-type: none"> <li>• Three bills resemble this model circulated by the Heartland Institute. The model text centers liability around whether or not investment managers or advisors disclose the use of ESG risk assessment metrics to their clients. No state has passed a law based on it despite 38 attempts in 19 states since 2022.</li> </ul>
<b>BANNING PRIVATE USE OF ESG “SCORES” (33 BILLS)</b> These bills seek to ban the use of ESG “scores” or ESG criteria in private-sector financial decision making, such as lending, investment, or underwriting. They target banks, insurers, and asset managers, aiming to essentially mandate irresponsible investment by blocking climate or social risk considerations — even when those factors are financially material.	
	<ul style="list-style-type: none"> <li>• In 2025, almost all the bills proposed would assess civil liability, as in the model above. In previous years, these categories were far more distinct.</li> <li>• A few, such as Arizona SB 1094 and Texas SB 946, did not specify any new civil liability or penalties and relied instead on vague regulatory restrictions or symbolic prohibitions. These are essentially versions of the ADF model “Equality in Financial Services Act” with weaker consequences for “violators.”</li> </ul>

BILL TYPOLOGY	MODEL BILLS
<b>BANNING GOVERNMENT USE OF ESG “SCORES” (7 BILLS)</b> These bills would ban government agencies from using ESG “scores” or ESG-related considerations — vaguely defined — in procurement, contracting, or general decisionmaking.	
	<ul style="list-style-type: none"> <li>• Many bills are narrowly tailored, such as proposed bans on the use of environmental and social considerations during the bidding process for companies seeking government contracts for construction, information technology, or other services.</li> <li>• But a few are significantly broader in scope, and seek to prevent any agency from considering any kind of impact on the environment.</li> </ul>
<b>RESTRICTING PENSION FUND INVESTMENTS AND RELATED SHAREHOLDER PROXY VOTING ACTIVITY (22 BILLS)</b> These bills seek to force the investments of state pension funds into preferred industries, like fossil fuels and gun manufacturing. Many of these bills also seek to restrict proxy voting practices or shift proxy voting toward forced agreement with company management. Many of these proposals resulted in unfavorable fiscal notes warning of high costs and substantially reduced investment returns. Concerned state investment managers caution that such bills put already-vulnerable retirees at further financial risk.	
	<p><b><u>ALEC’s “State Government Employee Retirement Protection Act”</u></b></p> <ul style="list-style-type: none"> <li>• Six bills resemble this model, which prohibits the consideration of ESG risks, even when financially material, and mandates that pension investment decisions be made solely on pecuniary factors as narrowly and vaguely defined by lawmakers.</li> </ul> <p><b><u>Heritage Foundation’s “State Pension Fiduciary Duty Act”</u></b></p> <ul style="list-style-type: none"> <li>• Three bills resemble this model. It has similar provisions to the ALEC model with distinct language. It references additional political flashpoint issues such as abortion and transgender healthcare.</li> </ul>
<b>WEAPONIZING GOVERNMENT CONTRACTS (19 BILLS)</b> These bills seek to penalize companies through the state procurement process by banning government agencies and subdivisions from contracting with firms based on perceived ESG-related activity. The starkest of these bills create blacklists of firms purported to be “boycotting” preferred industries and ban the state from contracting with them, reinforcing ideological conformity within the private sector.	
	<p><b><u>National Shooting Sports Foundation / Congressional Sportsman’s Foundation “Firearm Industry Nondiscrimination Act”</u></b></p> <ul style="list-style-type: none"> <li>• Eight bills resemble this model, circulated since 2015. These proposals originally aimed to protect gun manufacturers and were first introduced prior to the anti-ESG frame, but have since been absorbed into the broader anti-ESG agenda.</li> </ul>

BILL TYPOLOGY	MODEL BILLS
	<p><b>ALEC / Heritage Foundation’s “Eliminate Economic Boycotts Act”</b></p> <ul style="list-style-type: none"> <li>Seven bills resemble these models, first published in 2022 with slight differences. These bills seek to ban contracts with firms that purportedly “boycott” energy, timber, mining, or firearms (defining “boycott” as refusing to engage with a company or sector for any reason, including legitimate financial risks or reputational harms).</li> </ul> <p><b>Foundation for Government Accountability’s “Protecting Free Enterprise and Investment Act”</b></p> <ul style="list-style-type: none"> <li>Four bills match this model, which emerged in 2023 and 2024 and draws heavily from earlier ALEC and Heritage models, including those targeting pensions. It frames restrictions as protecting free enterprise yet forces alignment with state-favored industries by threatening firms’ eligibility for contracts. The model contains a unique antitrust clause.</li> </ul>
<p><b>RESISTING FEDERAL EXECUTIVE RULES RELATING TO ESG (2 BILLS)</b></p> <p>These bills seek to marshal the state’s opposition or noncompliance with ESG and climate related Federal laws and rules. They aim to challenge, block, or refuse to comply with executive orders or agency rules issued under the Biden Administration.</p>	
	<ul style="list-style-type: none"> <li>While there is no known model origin, these bills have circulated since 2021 with identical language.</li> </ul>
<p><b>AMENDING THE UNIVERSAL PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (1 BILL)</b></p> <p>This bill would amend UPMIFA, a uniform set of state laws passed in 49 states (all but Pennsylvania) to prevent the consideration of ESG factors in decisionmaking. UPMIFA laws govern the management of institutional funds granted to charitable institutions like schools, churches, hospitals and nonprofits.</p>	
	<p><b>Heritage Foundation’s “Proposed UPMIFA Amendment”</b></p> <ul style="list-style-type: none"> <li>This bill seeks to amend state UPMIFA laws to ban investment activity that is deemed to exclude weapons and ammunition manufacturers, or that somehow facilitates abortion access. It is the base of a new law passed in Arkansas this year.</li> </ul> <p><b>ALEC’s (unapproved) “Model Policy Amending UPMIFA”</b></p> <ul style="list-style-type: none"> <li>This model, proposed by ALEC but never formally endorsed, is almost identical to the Heritage Foundation version, without specific references to weapons and munitions manufacturers or abortion access.</li> <li>Other bills considered in multiple states sought to extend costly anti-ESG laws or provisions to cover university and nonprofit endowments.</li> </ul>

BILL TYPOLOGY	MODEL BILLS
	<p><b>TARGETING FINANCING OF THE AGRICULTURAL INDUSTRY (7 BILLS)</b></p> <p>These bills restrict how financial institutions engage with the agricultural industry, echoing broader anti-ESG narratives but leaning into rural, populist framing around farmers and farms. These bills allege that agribusinesses are being systematically “debanked” due to ESG commitments by banks and asset managers. Many kinds of anti-ESG state legislation have sought to extend an anti-sustainability mandate to agribusiness, including adaptations of the pensions and contracts bills detailed above. Two models in particular were prominent in 2025.</p>
	<p><b>Heartland Institute’s “Farmer Protection Act”</b></p> <ul style="list-style-type: none"> <li>• Seven bills in Florida, North Carolina, South Carolina and West Virginia closely follow this model, which authorizes civil litigation and steep penalties for financial institutions using ESG risk management in their agricultural industry financial decisionmaking.</li> </ul> <p><b>ADF’s “Equality in Financial Services Act”</b></p> <ul style="list-style-type: none"> <li>• Multiple bills built upon this model explicitly include agriculture among the protected industries banks must not “discriminate” against.</li> </ul>
	<p><b>17 UNIQUE BILLS DO NOT FIT THE CATEGORIES ABOVE</b></p>