

Survey of state law restrictions on ESG

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Over the past several years, many states have enacted laws targeting the consideration of ESG factors in investing and business practices. These laws vary widely in scope and design and continue to be proposed and enacted, resulting in a patchwork of rapidly changing legal requirements. This client update summarizes the current landscape of state law restrictions on ESG and provides a state-by-state summary of these laws. We will update this summary resource regularly on our website.

Major types of state law restrictions on ESG

Over the past several years, approximately 18 states have passed laws of various types intended to restrict or discourage the use of ESG-type considerations by financial institutions (as well as other companies) in a number of ways. These laws broadly fall into three categories:

Investment standards for public funds

- These laws prohibit public funds (including state or local employee pensions) from using ESG considerations in managing investments, or set investment standards for funds that (explicitly or implicitly) exclude ESG considerations. These laws largely mirror the Trump administration’s 2020 Department of Labor rule, which barred ERISA plan administrators from using “nonpecuniary factors” in investment decisions. Some of these laws explicitly define ESG factors as nonpecuniary while others acknowledge that ESG factors may be considered if they impact financial returns.
- Some of these laws may be limited to conduct by officials with authority over public funds while others extend to financial advisors or other experts engaged to manage them.
- These laws contrast starkly with laws or policies of other states that explicitly allow (New Hampshire) or even mandate (Illinois, Maryland) the consideration of ESG factors or require state funds to divest from certain industries such as coal (Oregon).

Restrictions on government contracting/investing

- These laws, often referred to as “anti-boycott” laws, generally prohibit government entities from granting contracts above a certain dollar threshold to businesses or investing public funds with financial institutions that restrict their business dealings (conduct which many of these laws call a “boycott”) with certain industries—such as fossil fuels or firearms—or with companies that lack policies aligned with ESG-related priorities, such as greenhouse gas (GHG) emissions reporting or reduction targets, or diversity initiatives.
- Importantly, unlike the restrictions on ESG-based investing, these laws target companies that consider ESG factors in a manner deemed to be a boycott **whether or not** those considerations are used in connection with goods or services to be provided to the governmental entity or the public funds being invested.

- In practice, states have applied these restrictions to financial services firms that have net-zero goals or policies that prohibit financing fossil fuel industries or offer investment vehicles that screen out companies in those industries.
- Conduct taken with an “ordinary business purpose” (a phrase not always defined in the statutes) is not considered a boycott under nearly all of these laws. However, while certain financial services firms have asserted that their ESG policies have a business purpose, some states (e.g., Arkansas and Texas) have rejected these arguments.
- Many of these laws require the maintenance of a list of financial services companies found to engage in boycotts by state regulators, as well as a process and timetable for the divestment of public funds from such listed companies. These laws may also require companies to submit verifications that they do not engage in boycotts or that public contracts include such verification language
- Most of these laws provide for various exceptions where not doing business with or divesting from a “boycotting” company would cause financial loss or would otherwise be impracticable or damaging to the relevant governmental entity or fund.

Restrictions on ESG considerations in the private sector

- A smaller number of states have passed laws prohibiting companies (mainly in the financial sector) from using ESG criteria to determine whether and under what conditions to provide services to customers. Unlike the other two categories, these laws – often referred to as “fair access” laws – prohibit conduct unrelated to government contracting or investing public funds.
- These laws vary widely in scope – while a few apply broadly to the private sector, more of them are narrowly focused on specific industries (e.g., banking or insurance) or services (e.g., depository or credit card processing services), or certain kinds of ESG considerations (e.g., a customer’s engagement in the firearms industry).
- Under the Biden administration, the Office of the Comptroller of the Currency (OCC) expressed the view that certain of these laws may be preempted by federal banking regulation. However, the Trump administration is not expected to maintain this view and may instead pursue rulemaking similar to a rule issued (but not formally adopted) by the OCC near the end of the first Trump administration that paralleled these state laws by requiring certain banks to issue services “based on consideration of quantitative, impartial, risk-based standards.”

State-by-state summary

Alabama

Restrictions on government contracting/investing

 [SB 261 \(2023\)](#) (codified at Ala. Code § 41-16-160, et seq.)

- **Scope of restriction:** Prohibits government contracting with sanctioned companies. Does not generally apply to financial services.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company, without violating the law:
 - is in the fossil fuel, timber, mining, agriculture, or firearm industries,
 - doesn’t meet or set environmental standards or disclosure criteria, including those related to GHG emissions mitigation,
 - doesn’t meet or set corporate employment or board composition, compensation, or disclosure standards, or
 - doesn’t provide access to abortion or gender transition therapy.
- **Other notable provisions/features:** Restriction does not apply to conduct with an ordinary business purpose, which is defined as “a purpose that is related to business operations” and excludes “a purpose that is solely related to furthering social, political, or ideological interests.”

Arkansas

Investment standards for public funds

[HB 1253 \(2023\)](#); (codified at Ark. Code Ann. §§ 24-2-801, et seq.)

- **Coverage:** Fiduciaries of state public retirement funds.
- **Nature/scope of restriction:**
 - Environmental, social, political, or ideological factors can only be considered in investment decisions if a qualified investment professional would consider such factors as material economic considerations under generally accepted investment theories and if diversification, liquidity and risk/return compared to available alternatives are considered as well.
 - Standard extends to shareholder voting and engagement.

Restrictions on government contracting/investing

[HB 1307 \(2023\)](#); [SB 409 \(2025\)](#) (codified at Ark. Code Ann. §§ 25-1-1001, et seq.)

- **Scope of restriction:** Prohibits direct or indirect investing of public funds in securities of sanctioned financial services providers or engaging sanctioned financial services providers to manage public funds.
- **Sanctionable conduct:**
 - Refusing to deal with or taking adverse actions against a company because the company is in the fossil fuel industry, and does not commit to environmental standards beyond applicable federal and state law, or is in the agriculture or firearm industries or does business with companies in those industries.
 - Refusing to deal with a company based on the use of “nonpecuniary” factors to evaluate the business, including environmental, diversity or inclusion factors.
- **Other notable provisions/features:**
 - “Ordinary business purpose” exception does not extend to refusals to engage based on nonpecuniary factors.
 - Restriction extends to affiliates of sanctioned entities.
 - Restriction does not include investment advisors acting in accordance with its investment-related guidelines or policies, or the preferences of its clients.
- **Enforcement and litigation**
 - ESG Oversight Committee established under the law maintains a list of sanctioned financial firms.
 - In 2024, the Committee concluded that a policy to not finance new coal mines or power plants constituted discrimination against energy companies under this law and did not constitute a ‘ordinary business purpose.

[SB 62 \(2023\)](#) (codified at Ark. Code Ann. §§ 25-1-1101, et seq.)

- **Scope of restriction:** Restricts government contracting with sanctioned companies. Does not generally apply to financial services.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against companies in the energy, fossil fuel, firearms or ammunition industries.
- **Other notable provisions/features:** Restriction extends to affiliates of sanctioned entities.

Florida

Investment standards for public funds

[🔗 HB 3 \(2023\)](#) (codified at Fla. Stat. §§ 112.656(1), 662)

- **Coverage:** Fiduciaries of government funds and state public retirement funds (fund fiduciaries are generally limited to fund officials and staff).
- **Nature/scope of restriction:**
 - Furtherance of social, political, or ideological interests cannot be considered in investment decisions.
 - Standard extends to shareholder voting and engagement.

Restrictions on government contracting/investing

[🔗 HB 3 \(2023\)](#) (codified as Fla. Stat. §§ 280.02, 025)

- **Scope of restriction:** Disqualifies sanctioned banks from holding deposits of public funds.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against customers because of:
 - their political views or affiliation, religion, or any other non-quantitative/risk-based/impartial factor or the customers' industry,
 - use of a "social credit score" based on factors such as the customers':
 - politics, religion, firearm ownership, or support of government actions against illegal immigration, drug trafficking or human trafficking,
 - involvement in fossil fuel-based energy, timber, mining, or agriculture industries, or
 - failure to meet or set standards that go beyond requirements of federal or state law relating to environmental matters, social governance, corporate board or company employment composition, or employee social justice programming (including diversity, equity and inclusion training).
- **Other notable provisions/features:** Restriction does not have a "business purpose" exception
- **Litigation and enforcement:** According to the State of Florida's Chief Financial Officer, as of January 2024, over 100 banks agreed to comply with the law's restrictions.

Restrictions on ESG considerations in the private sector

[🔗 HB 3 \(2023\)](#), [HB 989 \(2024\)](#) (codified at Fla. Stat. §§ 560.1115, 516.037, 655.0323)

- **In scope entities/services:** Services (not defined by statute) offered by a variety of state, federal and foreign banking institutions, thrifts, savings & loans, credit unions, consumer finance companies and money service providers.
- **Prohibited conduct:** Denying services, or discriminating in or conditioning the provision of services, to customers based on:
 - their political views or affiliation, religion, or any other non-quantitative/risk-based/impartial factor or the customers' industry
 - use of a "social credit score" based on factors such as the customers':
 - politics, religion, firearm ownership, support of government actions against illegal immigration, drug trafficking or human trafficking,

- involvement in fossil fuel-based energy, timber, mining, or agriculture industries, or
- failure to meet or set standards that go beyond requirements of federal or state law relating to environmental matters, social governance, corporate board or company employment composition, or employee social justice programming (including diversity, equity and inclusion training).

Georgia

Investment standards for public funds

[🔗 HB 481 \(2024\)](#) (codified at Ga. Code. Ann.. § 47-20-88)

- **Coverage:** Fiduciaries of state public retirement funds, which include any person that has any discretionary authority over or provides investment advice to such funds.
- **Nature/scope of restriction:** Furtherance of any social, political, or ideological interests or any non-pecuniary interests can't take precedence over the interests of fund participants and beneficiaries in connection with investment decisions.

Restrictions on ESG considerations in the private sector

[🔗 HB 1018 \(2024\)](#) (codified at Ga. Code. Ann. § 10-1-439, et seq.)

- **In scope entities/services:** Financial services offered by a broad variety of state and federal and banking institutions, thrifts, savings & loans and credit unions and payment processing service providers.
- **Prohibited conduct:** Denying services, or discriminating in or conditioning the provision of services, to customers due to their engagement in the firearms industry.
- **Other notable provisions/features:** Statute specifically extends to denial of payment processing services.

Idaho

Restrictions on government contracting/investing

[🔗 HB 190 \(2023\)](#) (codified at Idaho Code §§ 26-2155, et seq., 67-2739, et seq.)


- **Scope of restriction:** Disqualifies sanctioned banks and credit unions from holding deposits of public funds.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against customers because the customers are in the fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, agriculture or firearms industries.
- **Other notable provisions/features:** Restriction does not apply to conduct with an ordinary business purpose, which is defined as promoting financial success or stability, mitigating risk, legal compliance or limiting liability.

[🔗 SB 1291 \(2024\)](#) (codified at Idaho Code §§ 67-2347A, et seq.)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against customers because the customers are in the fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, agriculture or firearms industries.
- **Other notable provisions/features:**

- Restriction does not apply to conduct with an ordinary business purpose, which is defined as promoting financial success or stability, mitigating risk, legal compliance or limiting liability.
- Restriction extends to affiliates of sanctioned entities.

Restrictions on ESG considerations in the private sector

 [SB 1027 \(2025\)](#) (codified at Idaho Code §§ 26-3801, et seq.)

- **In scope entities/services:** Any financial product or service offered by banks with assets of over \$100 billion or credit card companies, payment processors or other payment service providers that processed over \$100 billion in payments in the prior year.
- **Prohibited conduct:** Denying services, or discriminating in or conditioning the provision of services, to customers based on use of a “social credit score,” defined as an analysis or rating based on customers’:
 - exercise of the right to religion, speech, expression or association, including the right to not disclose political activity, lobbying or financial contributions,
 - lack of GHG emissions reduction targets or disclosures not mandated by law,
 - failure to conduct audits or make disclosures relating to diversity or to provide diversity-based preferences or benefits not mandated by law,
 - refusal to provide employees access to abortions or gender transition services, or
 - involvement in fossil fuel or firearms industries.

Indiana

Investment standards for public funds

 [HB 1008 \(2023\)](#) (codified at Ind. Code § 5-10.2-14)

- **Coverage:** Investment managers or proxy advisors for the state public retirement system
- **Nature/scope of restriction:**
 - State retirement system board can’t engage with an investment manager or proxy advisor that has made an “ESG commitment” with respect to pension assets.
 - “ESG commitment” defined as a commitment to any of the following beyond applicable legal requirements for non-financial purposes:
 - lowering or disclosing GHG emissions,
 - instituting corporate board, employment, composition, compensation or disclosure criteria that violate state civil rights laws, or
 - divesting from or limiting investment in companies that fail to meet or set environmental standards or is engaged in the firearms, immigration control, fossil fuel, timber, mining, agriculture, and food animal production industries.

Kansas

Investment standards for public funds

[🔗 HB 2100 \(2023\)](#) (codified at Kan. Stat. Ann. §§ 75-42a01, et seq.)

- **Coverage:** The state public retirement system and any investment manager, proxy advisor or contractor of the system.
- **Nature/scope of restriction:**
 - Furtherance of social, political or ideological interests is considered a violation of fund advisors' fiduciary duties to fund participants and beneficiaries.
 - Interests that “may reasonably be determined” to constitute “social, political or ideological interests,” include (to the extent not mandated by federal or state law) lowering or disclosing GHG emissions, instituting corporate board, employment, composition, compensation or disclosure criteria that violate state laws, or divesting from, limiting investment in or limiting the activities of companies that fail to meet or set environmental standards or engage in the firearms industry or accessing abortion, sex or gender change or transgender surgery.
 - Above standards extend to shareholder voting or engagement.

Kentucky

Investment standards for public funds

[🔗 HB 236 \(2023\)](#), [SB 183 \(2025\)](#) (codified at Ky. Rev. Stat. Ann.. § § 21.450(2), 61.650(1)(c), 78.790(1)(c), 161.430(2))

- **Coverage:** Board members, officers, investment managers, proxy advisers or other fiduciaries of various state and county public retirement systems.
- **Nature/scope of restriction:**
 - Consideration of environmental, social, political, or ideological or other nonpecuniary factors in investment decisions is a violation of the fiduciary duty to fund participants and beneficiaries unless the factors have a direct and material connection to the financial risk or financial return of an investment.
 - Any proxy advisors' vote or recommendation on shareholder proposals contrary to the recommendation of the board of directors of the issuer must be supported by an economic analysis demonstrating that the vote or recommendation is in the sole interest of beneficiaries without any consideration of any environmental, social, political, or ideological or other nonpecuniary factors.

Restrictions on government contracting/investing

[🔗 SB 205 \(2022\)](#) (codified at Ky. Rev. Stat. Ann. § § 41.472-476)

- **Scope of restriction:** Restricts direct investment of public funds in securities of sanctioned publicly-traded financial services, banking, or investment companies
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the fossil fuel-based energy industry and does not commit to environmental standards beyond applicable federal and state law.
- **Other notable provisions/features:** Restriction extends to affiliates of sanctioned entities.
- **Enforcement and litigation:**
 - State treasurer maintains a list of sanctioned financial firms.
 - The County Employees Retirement System (CERS) determined that the restrictions under this law are inconsistent with its fiduciary responsibility with respect to the investment of CERS assets or other duties and thus it is not subject to the law's requirements. ([link](#))

[SB 205 \(2022\)](#) (codified at Ky. Rev. Stat. Ann. § 41.480)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
 - **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the fossil fuel-based energy industry and does not commit to environmental standards beyond applicable federal and state law.
 - **Other notable provisions/features:** Restriction extends to affiliates of sanctioned entities.
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Louisiana

Restrictions on government contracting/investing

[SB 234 \(2024\)](#) (codified at La. R.S. §§ 38:2216.1, 39:1602.2)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
 - **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the firearms industry.
 - **Other notable provisions/features:** Restriction does not apply to conduct with a “traditional or ordinary business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association.”
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Missouri

Investment standards for public funds

[HB 147 \(2025\)](#) (codified at Mo. Rev. Stat. §§ 105.688,105.692)

- **Coverage:** Investment fiduciaries managing public funds and those voting proxies on behalf of public assets.
 - **Nature/scope of restriction:**
 - Fiduciaries cannot consider ESG factors unless they are in line with their fiduciary duties as defined by state law.
 - Fiduciaries cannot be subject to any legal or other mandates that require investing with “environmentally, socially, or other noneconomically motivated influence” that are inconsistent with their fiduciary duties.
 - Proxy voting to further “noneconomic goals” including environmental or social goals or engaging a service provider that doesn’t agree in writing to vote consistently with fund guidelines, or solely in the economic interest of plan participants is prohibited.
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Montana

Investment standards for public funds


[HB 228 \(2023\)](#) (codified at Mont. Code. Ann. §§ 17-6-231-234, et seq.)

- **Coverage:** State board of investments and firms advising or holding shares on behalf of the board.

– **Nature/scope of restriction:**

- Environmental, social, governance, or similar factors can only be considered by the board in investment decisions if qualified investment professionals would treat them as material economic considerations under generally accepted investment theories, the weight given to those factors reflect a prudent assessment of their impact on risk and return and diversification, liquidity and risk/return is examined in comparison to other alternatives.
- Voting to further nonpecuniary, environmental, social, governance, or other similarly oriented considerations is prohibited.
- Board can't follow the recommendations of a proxy advisory firm unless firm commits to follow voting guidelines consistent with board's obligation to act solely on pecuniary factors unless no economically feasible alternative exists.


Restrictions on government contracting/investing

 [HB 356 \(2023\)](#) (codified at Mont. Code. Ann. §§ 30-20-301, et seq.)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the firearms industry
- **Other notable provisions/features:**
 - Restriction does not apply to conduct with a “traditional business reason that is specific to the customer or potential customer and not based solely on the status of an entity or association as a firearm entity or firearm trade association.”
 - Restriction extends to affiliates of sanctioned entities.

North Carolina

Investment standards for public funds

 [HB 750 \(2023\)](#) (codified at N.C. Gen. Stat. § 147?69.7)

- **Coverage:** State treasurer investing certain state funds.
- **Nature/scope of restriction:** Environmental, social, governance, or similar factors can only be considered in making investment decisions if qualified investment professionals would treat them as material economic considerations under generally accepted investment theories and the weight given those factors reflect a prudent assessment of their impact on risk and return.

North Dakota

Investment standards for public funds

 [HB 1429 \(2023\)](#) (codified at N.D. Cent. Code. §§ 21-10-08.1, 54-06)

- **Coverage:** State agencies investing state funds and firms advising state agencies on proxy voting
- **Nature/scope of restriction:**

- Environmental, social, and governance impact criteria can't be used as a basis for an investment unless it would yield a maximized return at a prudent level of risk or would provide an equivalent or superior rate of return compared to a similar investment with a similar time horizon and risk.
- Requires proxy votes made on behalf of state funds and firms advising the state on proxy voting follow the above standards.

Restrictions on ESG considerations in the private sector

[HB 1429 \(2023\)](#) (codified as N.D. Cent. Code. §§ 26.1-04-03(7))

- **In scope entities/services:** Insurance companies.
- **Prohibited conduct:** Refusing to insure or charging a different rate solely in consideration of the risk's environmental, social, and governance criteria, diversity, equity, and inclusion policies or political and ideological factors, unless based on the application of "sound underwriting and actuarial principles" related to actual or reasonably anticipated loss experience.

Oklahoma

Restrictions on government contracting/investing

[SB 500 \(2025\)](#) (codified at 21 Okla. Stat. § 1289.31)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the firearms industry.
- **Other notable provisions/features:**
 - Restriction does not apply to conduct with a "traditional business reason that is specific to the customer or potential customer and not based solely on the status of an entity or association as a firearm entity or firearm trade association."
 - Restriction extends to affiliates of sanctioned entities.

Ohio

Investment standards for public funds

[HB 96 \(2025\)](#) (codified at Ohio Rev. Code Ann. §§ 135.143(M), 135.1411)

- **Coverage:** State treasurer and the governing board or treasurer of municipal corporations.
- **Nature/scope of restriction:**
 - Investment decisions cannot have the "primary purpose" of furthering ESG or other "personal" or "ideological" policies. The statute does not define what is considered a "primary purpose" or "furthering" a policy.
 - Restriction applies to both state investments and investments of other public funds.

South Carolina

Investment standards for public funds

[HB 3690 \(2024\)](#) (codified at S.C. Code Ann. §§ 9-16-10, 30, 50)

- **Coverage:** State commission for certain public employee retirement funds.
- **Nature/scope of restriction:**
 - Environmental, social, or political goals can't be considered by the commission in investment or shareholder voting decisions.
 - The commission can only allocate capital to an investment advisor that commits to the above limitation unless it isn't economically practicable to do so or would result in the concentration of funds with any one or more investment managers.
 - Any commission engagement with a company regarding the exercise of shareholder proxy votes or the proposal of a proxy question can't be based on environmental, social, or political goals, except that the commission may engage with a company to express opposition to the proposal or merits of a proxy question that does not have a pecuniary impact.

Tennessee

Investment standards for public funds

[SB 955 \(2023\)](#) (codified at Ten. Code Ann. §§ 9-4-1401, et seq.)

- **Coverage:** State treasury department investing certain state funds, including state public retirement funds.
- **Nature/scope of restriction:** Environmental, social, and governance interests can be considered by the state treasurer or delegated staff in investment decisions and shareholder voting if they are financially material.

Restrictions on government contracting/investing

[SB 2649 \(2022\)](#) (codified at Ten. Code Ann. § 9-4-107)

- **Scope of restriction:** Disqualifies sanctioned banks from holding deposits of public funds.
- **Sanctionable conduct:** Maintaining a policy that prohibits financing to companies with at least 50% of their annual revenue from business operations involving fossil fuels.
- **Other notable provisions/features:** No "ordinary business purpose" exception.

Restrictions on ESG considerations in the private sector

[HB 2100 \(2024\)](#) (codified at Ten. Code Ann. § 45-1-128)

- **In scope entities/services:**
 - Financial services (excluding lending) offered by state or national banks, savings & loans, savings banks, credit unions, industrial loan and thrift companies, or mortgage lenders that have over \$100 billion in assets.
- **Prohibited conduct:** Denying services, or discriminating in or conditioning the provision of services, to customers based on:


- their political views or affiliation, religion, or any other non-quantitative/risk-based/impartial factor or the customers' industry,
- use of a "social credit score" based on factors such as the customers':
 - politics, religion, firearm ownership, support of government actions against illegal immigration, drug trafficking or human trafficking,
 - involvement in fossil fuel-based energy, timber, mining, or agriculture industries, or
 - failure to meet or set standards that go beyond requirements of federal or state law relating to environmental matters, social governance, corporate board or company employment composition, or employee social justice programming (including diversity, equity and inclusion training).

Texas

Restrictions on government contracting/investing

 [SB 13 \(2021\)](#) (codified at Tex. Gov. Code § 809.001 et seq., 809.051 et seq.)

- **Scope of restriction:** Restricts direct investment of certain public pension and other funds in securities of sanctioned publicly-traded financial services, banking, or investment companies
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the fossil fuel-based energy and does not commit to environmental standards beyond applicable federal and state law.
- **Other notable provisions/features:**
 - Restriction does not apply to conduct with an "ordinary business purpose."
 - Restriction extends to affiliates of sanctioned entities.
- **Litigation and enforcement:**
 - The Texas Comptroller's Office State comptroller maintains a list of sanctioned publicly-traded financial services companies and associated funds.
 - The Texas Comptroller's Office FAQ on SB 13 indicated that its research showed that most financial institutions offer fewer than 10 funds that have oil and gas exclusions, and that firms that exceed this number suggests inconsistency "with ordinary business purposes in the industry."
 - On February 3, 2026, a Texas federal district court ruled in a favor of a business group plaintiff challenging the law on the basis that it violates its members' free speech rights under the First and Fourteenth Amendments of the U.S. Constitution and enjoined enforcement of the law (*American Sustainable Business Council v. Hegar* (W.D. Tex.)).

 [SB 13 \(2021\)](#) (codified at Tex. Gov. Code § 2274)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the fossil fuel-based energy industry and does not commit to environmental standards beyond applicable federal and state law.
- **Other notable provisions/features:**
 - Restriction does not apply to conduct with an "ordinary business purpose."
 - Restriction extends to affiliates of sanctioned entities.
- **Litigation and enforcement:**

- As noted above, on February 3, 2026, a Texas federal district court ruled that this law violates the U.S. Constitution and enjoined its enforcement.

Restrictions on ESG considerations in the private sector

[SB 833 \(2023\)](#) (codified at Tex. Ins. Code § 565)

- **In scope entities/services:** Certain categories of state-regulated insurers issuing policies in the state.
- **Prohibited conduct:** Charging a rate different than the rate charged to another business or risk in the same class for essentially the same hazard based on the use of “an environmental, social or governance model, score, factor or standard.”
- **Other notable provisions/features:** Does not apply to decisions based on “ordinary insurance business purpose, including the use of sound actuarial principles, or financial solvency considerations reasonably related to loss experience for the different types of risks and coverages made available by a particular insurer.”

[SB 2337 \(2025\)](#) (codified at Tex. Bus. Orgs. Code § 6A)

- **In scope entities/services:** Proxy advisory services provided to shareholders of publicly-traded companies incorporated or based in the state, which is defined to include advising on shareholder voting or providing ratings or research regarding a company’s governance.
- **Prohibited conduct:**
 - Providing proxy advisory services not in the sole financial interest of shareholders without providing “conspicuous[]” disclosures to shareholders and on the advisor’s internet homepage that the advice is not in the sole financial interest of shareholders. Advice is considered not in the sole financial interest of shareholders under a number of circumstances, including:
 - Providing analysis that considers “nonfinancial factors,” including ESG factors, DEI, “social credit” or sustainability scores or membership in or commitments to a group that assesses a company’s value on nonfinancial factors
 - Providing recommendations regarding a shareholder-sponsored proposal that are inconsistent with the recommendations of the company’s board without an economic analysis of the proposal’s financial impact on shareholders
 - Advising against the election of a company-supported candidate unless the advisor states that its advice is in the sole financial interest of shareholders
 - Providing “materially different” recommendations to different clients without providing various disclosures regarding the conflicting advice to each client (unless the client expressly requested services for a nonfinancial purpose).

Utah

Investment standards for public funds

[SB 96 \(2023\)](#) (codified at Utah Code §§ 49-11-203, 51-7-2, 51-7-14, 53B-8a-107)

- **Coverage:** State investment board and state treasurer investing certain state funds, including state public retirement funds.
- **Nature/scope of restriction:** The board and public treasurer must make decisions relating to investing and shareholder voting with the sole purpose of maximizing the risk-adjusted return on the investments. Consideration of ESG factors is not explicitly addressed.

Restrictions on government contracting/investing

[!\[\]\(af9072107bc8b9304abb99c80a6fe165_img.jpg\) **SB 97 \(2023\)**](#) (codified at Utah Code §§ 63G-27-102, 63G-27-201)

- **Scope of restriction:** Restricts government contracting with sanctioned companies.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company:
 - is in the fossil fuel, timber, mining, agriculture, or firearms industries,
 - doesn't meet or set environmental standards or disclosure criteria, including those for GHG emissions mitigation, beyond what is mandated by law,
 - doesn't meet or set corporate employment or board composition, compensation, or disclosure standards,
 - doesn't provide access to abortion or sex change surgery, or
 - does business with companies in the foregoing categories.
- **Other notable provisions/features:**
 - Restriction extends to affiliates of sanctioned entities.
 - Restriction does not apply to conduct taken with an ordinary business purpose, which is defined as “a purpose that is related to business operations” and excludes “a purpose that is solely related to furthering social, political, or ideological interests.”

Restrictions on ESG considerations in the private sector

[!\[\]\(90164f74041f71b612f1c8605a7ede54_img.jpg\) **HB 449 \(2023\)**](#) (codified at Utah Code §§ 13-63-101, 13-63-201)

- **In scope entities/services:** Broadly applicable to any company offering products or services.
- **Prohibited conduct:**
 - Coordinating or conspiring with others to deny access to products or services to a company that:
 - is in the firearms industry
 - fails to meet or commit to meet environmental, social, or governance criteria due to its engagement in fossil fuel, nuclear energy, timber, mining, or agriculture industries, or
 - fails to meet or commit to meet environmental standards (including GHG emissions reduction or disclosure standards) beyond what is required by law
- **Other notable provisions/features:** Prohibition does not apply where there is no “specific intent of destroying” the targeted company or the conduct has an “ordinary business purpose.”

[!\[\]\(f024d36410e36011059c73f7d7908105_img.jpg\) **SB0298 \(2026\)**](#) (codified at Utah Code §§ 70A-1a-201, 9a-902)

- **In scope entities/services:** Applicable to issuers of “programmable money,” which is generally defined as currency that can be encoded with rules that control or place conditions on its use, including the ability to implement a “social credit score system.”
- **Prohibited conduct:**
 - Denying a transaction (including through the encoding of rules or conditions into the programmable money) to users on the basis of any of the following:
 - their political views, speech or affiliations, race, ethnicity, sex, sexual orientation, religion, medical history or decisions, location, browsing history or business sector (among other characteristics),
 - use of a “social credit score” based on the above factors as well as users':
 - firearm ownership, or support of government actions against illegal immigration, drug trafficking or human trafficking,

- involvement in fossil fuel-based energy, timber, mining, firearms or agriculture industries, or
 - failure to meet or set standards that go beyond requirements of federal or state law relating to environmental matters, social governance, corporate board or company employment composition, or employee social justice programming (including diversity, equity and inclusion training).
- any other lawful acts or behavior
- **Other notable provisions/features:**
- Parties to any transaction denied by an issuer of programmable money can demand a “statement of specific reasons” for the denial.
 - Parties aggrieved by a violation of the law can sue for statutory and declaratory relief, as well as actual and punitive damages against the violating party, and a finding of intentional, knowing, or repeated violations can result in revocation of the violating party’s authorization to do business in the state.
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West Virginia

Investment standards for public funds

[!\[\]\(aef305f57b9557b4e73b8de50f6d555d_img.jpg\) **HB 2862 \(2023\)**](#) (codified at W. Va. Code §§ 12-6-11a, 12-6C-13)

- **Coverage:** State investment board and any authorized fiduciaries voting certain state funds, including state public retirement funds.
- **Nature/scope of restriction:** Environmental, social, corporate governance, or other similarly oriented factors can only be considered in connection with shareholder voting if a prudent investor would determine that such a consideration directly and materially affects the financial risk or financial return to beneficiaries based on appropriate investment horizons consistent with an investment pool’s objectives and funding policy.

Restrictions on government contracting/investing

[!\[\]\(0230214116c86dbf511158ea2e1aae13_img.jpg\) **SB 262 \(2022\)**](#) (codified at W. Va. Code § 12-1C)

- **Scope of restriction:** Authorizes the state treasurer to disqualify sanctioned banks from holding state funds.
- **Sanctionable conduct:** Refusing to deal with or taking adverse actions against a company because the company is in the fossil fuel-based energy industry and does not commit to environmental standards beyond applicable federal and state law or does business with such a company.
- **Other notable provisions:**
 - Restriction does not apply to conduct with an ordinary business purpose, which is defined as promoting financial success or stability, mitigating risk, legal compliance or limiting liability.
 - Restriction extends to affiliates of sanctioned entities.

[!\[\]\(9cc80862e225935f5e2ce39495f8c582_img.jpg\) **HB 3342 \(2025\)**](#) (codified at W. Va Code §§ 5A-13-1, et seq.)

- **Scope of restriction:** Prohibits government authorities from entering into any contract with sanctioned, federally insured or commercial banks, trust companies, credit unions and credit card system operators.
- **Sanctionable conduct:** Refusing to deal with or terminating business relationship with a company in the firearms industry.
- **Other notable provisions:**

- Restriction does not apply to conduct with a traditional business purpose specific to the individual company and not based on its engagement in the firearms industry.
- Statute separately prohibits financial institutions covered by the statute with contracts with government authorities from discriminating against companies in the firearms industry without a traditional business purpose.

Wyoming

Investment standards for public funds

[🔗 SF 0191 \(2025\)](#) (codified at Wyo. Stat. §§ 9?4?722)

- **Coverage:** State treasurer, state retirement board and any managers or vendors they engage with respect to state funds.
- **Nature/scope of restriction:**
 - Furtherance of social, political, or ideological interests cannot be considered in investment decisions.
 - Standard extends to shareholder voting.

Restrictions on ESG considerations in the private sector

[🔗 HB 236 \(2021\)](#) (codified at Wyo. Stat. §§ 13-10-301, et seq.)

- **In scope entities/services:** Financial services offered by payment processors, national banking associations, banks, savings and loan associations, trust companies, or state-chartered credit unions.
- **Prohibited conduct:** Denying services, or discriminating in or conditioning the provision of services, to customers due to their engagement in the firearms industry.
- **Other notable provisions:** Statute specifically extends to denial of payment processing services.

Law clerk Morganne M. Ramsey contributed to this client update.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Michael Comstock

+1 212 450 4374
michael.comstock@davispolk.com

Timothy J. Sullivan

+1 212 450 4108
timothy.sullivan@davispolk.com

David A. Zilberberg

+1 212 450 4688
david.zilberberg@davispolk.com

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