COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 5013** March 29, 2018

SPONSOR (S): Spain

SYSTEM(S): General Provisions, Downstate Police, and Downstate Firefighters

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FISCAL IMPACT: The fiscal impact of HB 5013 is not readily discernible. An actuarial study that examines a range of potential long-term outcomes would be required to assess the fiscal impact of HB 5013.

SUBJECT MATTER: HB 5013 creates the Downstate Police and Firefighter Investment Boards to manage the investments of all Downstate Police and Firefighter pension funds.

COMMENT: HB 5013 amends the Downstate Police and Fire Articles of the Illinois Pension Code. The bill proposes the creation of the Downstate Police Pension Investment Board and the Downstate Firefighter Pension Investment Board. The investment authority of Downstate Police and Firefighter pension funds shall be moved to these Investment Boards.

In addition, HB 5013 also doubles the annual compliance fees for Downstate Police and Firefighter pension funds. The fees are increased from 0.02% to 0.04% of the total assets of the pension fund. The upper limit for these fees shall also be doubled from $8,000 to $16,000. Beginning in 2019, the fiscal year for all Downstate Police and Firefighters pension funds shall begin on May 1 of every year and end on April 31 of the following year.

Finally, HB 5013 proposes that the Department of Insurance impose penalties of up to $2,000 for each day of noncompliance from Downstate Police and Fire pension funds. The Director of Insurance shall notify a fund in writing of the noncompliance, for which the fund will be given 15 days to come into compliance, before being fined.

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