

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 2248**

February 26, 2013

SPONSOR (S): Willis

SYSTEM(S): SERS, SURS, GARS, JRS, TRS

FISCAL IMPACT: The Illinois State Board of Investment reports a base market value of \$2.5 million in holdings in firearms/ammunition manufacturing companies across five index funds. SURS reports holdings of approximately \$122 thousand in firearms manufacturers through passively-managed index funds. TRS did not provide a dollar amount, but they reported that an “extremely small” amount of their trust fund is invested in passively-managed index funds that invest in firearms manufacturers.

SUBJECT MATTER: HB 2248 amends the General Provisions article of the Illinois Pension Code to require notification and divestiture of firearm and ammunition manufacturer securities from all state-funded retirement systems (SERS, TRS, SURS, GARS, JRS).

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COMMENT: HB 2248 amends the General Provisions article of the Illinois Pension Code and affects all state-funded retirement systems. The legislation requires all funds and retirement systems to identify all companies that produce firearms and ammunition in which the retirement systems have direct or indirect holdings and notify them about possibly divestiture. If after 90 days, these companies do not stop manufacturing firearms and/or ammunition, then the pension funds and retirement systems must sell, redeem, divest or withdraw all securities of the company from the retirement system’s assets. This legislation is very close in design to HB 1296.

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