

# COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

## PENSION IMPACT NOTE

### 99TH GENERAL ASSEMBLY

BILL NO: **SB 3071, as Amended by SA 1** May 9, 2016

SPONSOR (S): Clayborne (Zalewski)

SYSTEM(S): Illinois State Board of Investment (ISBI)

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**FISCAL IMPACT:** The fiscal impact of SB 3071, as amended by SA 1, would be presumably minimal but confined to administrative expenses as the Board's custodian would serve as official custodian of the board instead of the State Treasurer.

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**SUBJECT MATTER:** SB 3071, as amended by SA 1, requires the Illinois State Board of Investment (ISBI) to appoint and retain a qualified custodian no later than December 31, 2016. Meanwhile, the State Treasurer shall serve as official custodian of the board.

**COMMENT:** As of current law, the securities, funds and other assets transferred to the ISBI or otherwise acquired by the board shall be placed in the custody of the State Treasurer who shall serve as official custodian of the board. The custodian performs the duties of providing adequate safe deposit facilities and holding all securities, funds and other assets subject to the order of the board. Also, the State Treasurer has the capability of issuing a corporate surety bond to indemnify the ISBI in a case where any loss occurs due to action or failure to act by the Treasurer or any of his agents. The bond shall be in the custody of the ISBI.

Under SB 3071, as amended by SA1, the ISBI's custodian would take over the role of the State Treasurer as official custodian of the board, but lose the capability of furnishing a corporate surety bond.

JB:dkb

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