

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 232, as Amended by HA 1** April 26, 2021

SPONSOR (S): Hernandez – Ammons, et al.

SYSTEM(S): General Provisions

FISCAL IMPACT: There is no discernible fiscal impact associated with HB 232, as amended by HA 1.

SUBJECT MATTER: HB 232, as amended by HA 1, amends the General Provisions Article of the Pension Code to add for-profit companies that contract to shelter migrant children to the list of prohibited investments for the five State-funded retirement systems (GARS, SERS, SURS, TRS, and JRS) and the Illinois State Board of Investment (ISBI).

COMMENT: Under current law, the prohibited investment list includes companies that boycott Israel, Iran-restricted companies, Sudan-restricted companies, and expatriated entities. The Illinois Investment Policy Board shall try its best to identify the aforementioned companies and distribute the list of such companies to the retirement systems and ISBI. If a restricted company ceases activities that cause the company to be included in the list of restricted companies, then the company shall be removed from the list.

Under this legislation, for-profit companies that contract to shelter migrant children mean for-profit companies that enter into a contract with the federal government to shelter migrant children under the federal Unaccompanied Alien Children Program or a similar federal program.

By July 1, 2022, the Illinois Investment Policy Board shall make its best efforts to identify all for-profit companies that contract to shelter migrant children and add those companies to the list of restricted companies that shall be distributed to the five retirement systems and ISBI. The Illinois Investment Policy Board's best efforts include the following:

1. Reviewing and relying on publicly available information regarding such companies;
2. Contacting asset managers contracted by the retirement systems and ISBE that invest in such companies;

3. Contacting other institutional investors that have divested from or engaged with such companies; and
4. Retaining an independent research firm to identify such companies

However, if a for-profit company that contracts to shelter migrant children ceases activity that designates the company to be included in the restricted list, then the company shall be removed from the list.

In addition, prohibited transactions shall be expired if, at least 4 years after the effective date of an amendatory Act that initially establishes a prohibited transaction under this Article, the Illinois Investment Policy Board concludes that divestment is no longer necessary due to achievement of goals, circumstance changes, or other verifiable reasons. The policy change shall be decided by a majority vote of the Illinois Investment Policy Board if:

1. The policy change and reasons for the change are notified in writing to the General Assembly no less than 1 year prior to the change; and
2. The General Assembly does not, before the policy change, adopt a House or Senate Resolution instructing the Illinois Investment Policy Board to not change the policy.

JB:bs

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