

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 0232** January 26, 2021

SPONSOR (S): Hernandez

SYSTEM(S): General Provisions Article (All State Systems)

FISCAL IMPACT: There is no immediately discernible fiscal impact associated with HB 0232. Under this bill, the Illinois Investment Policy Board has until July 1, 2022 to create a list of restricted companies that contract to shelter migrant children. After the creation of this list, the State-funded retirement systems would have 12 months to divest or withdraw from all holdings of restricted companies.

SUBJECT MATTER: HB 0232 amends the General Provisions Article of the Pension Code. The bill adds to the list of prohibited transactions investing in any for-profit companies that contract to shelter migrant children.

COMMENT: The General Provisions Article of the Pension Code outlines several prohibited investment transactions, such as companies that boycott Israel, Iran-restricted companies, and Sudan-restricted companies, among others. The duty to identify restricted companies and entities falls under the jurisdiction of the Illinois Investment Policy Board, which was created pursuant to P.A. 99-0128. The dictates of the Investment Policy Board apply only to the five State-funded systems.

HB 0232 directs the board to make its best effort to identify all for-profit companies that contract to shelter migrant children, and add these companies to the list of restricted companies. The aforementioned list must be prepared by July 1, 2022. Pursuant to current law, once the list of prohibited companies is forwarded by the Illinois Investment Policy Board to the five State-funded systems, the affected system shall instruct its investment advisors to sell, redeem, divest or withdraw from all direct holdings of restricted companies within 12 months after the company's most recent appearance on the list of restricted companies. The divestiture requirement does not apply to the systems' indirect holdings or private market funds.