COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 3004, as amended by SA 2** May 26, 2021

SPONSOR (S): Batinick (Connor – Barickman)

SYSTEM(S): General Provisions Article

FISCAL IMPACT: There is no discernible fiscal impact associated with HB 3004, as amended by SA 2.

<u>SUBJECT MATTER</u>: HB 3004, as amended by SA 2, amends the General Provisions Article of the Pension Code to prohibit members of a pension fund board of trustees from accepting employment by that pension fund, subject to certain exemptions as articulated below in the Comment section.

<u>COMMENT:</u> HB 3004, as amended by SA 2, amends the General Provisions Article of the Pension Code to stipulate that no individual who is a board member of a pension fund, investment board, or retirement system may be employed by that pension fund, investment board, or retirement system at any time during his or her service on the board, and for a period of 12 months after he or she ceases to be a board member.

The amendment does provide some exceptions to the foregoing prohibition, however. A board member may accept a position as a senior administrative staffer of the fund if a senior staff vacancy exists and the pension fund is conducting a public search for a new permanent replacement who is not a member of the board of trustees. Also, a majority of the board of trustees must vote to designate a specific board member to serve in the senior administrative staff position. The board-designated interim senior staffer will not receive any salary or benefits associated with the position. Finally, the trustee who accepts the senior staffer position shall vacate his or her board trusteeship while serving as an interim senior staffer.

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