

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102ND GENERAL ASSEMBLY

BILL NO: **HB 3062**

March 18, 2021

SPONSOR (S): Lilly

SYSTEM(S): General Provisions

FISCAL IMPACT: There is no discernible fiscal impact associated with HB 3062.

SUBJECT MATTER: HB 3062 amends the General Provisions Article of the Pension Code to create requirements for climate change risk minimization policies.

COMMENT: HB 3062 mandates that no later than December 31, 2022, every pension fund or retirement system, except for a Downstate police or Downstate firefighters pension fund (a fund created under Article 3 or Article 4), is required to develop a climate change risk minimization policy to consider the financial risk to the pension fund's investments associated with climate change, as defined by the United Nations Framework Convention on Climate Change.

When developing the initial policy, the National Association of Insurance Commissioners' Insurer Climate Risk Disclosure Survey shall be used as a model. The policy shall consider the scope of the financial risk and financial impact of these climate-related events, including, but not limited to, severe drought, coastal flooding, and more intense hurricanes, on the holdings of the pension fund.

Also, the policy shall explain what sources of data were used in making long-term projections on the possible long-term financial impact to the pension fund's investments from increased climate change. Data and sources of data used for the policy shall include insurance company projections, the United Nations Framework Convention on Climate Change, and the United States Environmental Protection Agency.

The policy shall be updated on an annual basis and posted on the pension fund's website. Previous versions of the policy shall be kept on the website for 5 years.

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