



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 2723**

February 11, 2025

SPONSOR: Rashid

SYSTEM: General Provisions Article

FISCAL IMPACT

HB 2723 removes companies that boycott Israel from the list of restricted companies allowing Illinois retirement systems to invest in them again. According to SERS and SURS, statutory restrictions on investments limit their ability to adapt to the global market and reduce the pool of available investment opportunities, although in theory, this bill would expand their investment abilities since it has the effect of repealing a prior divestiture statute. The bill would remove 31 restricted companies currently boycotting Israel from the Prohibited Investment List.

SUBJECT MATTER: HB 2723 amends the General Provisions Article of the Pension Code. The bill removes “companies that boycott Israel” from the list of restricted companies allowing retirement systems to invest in them once again. The Israel boycott divestment language was included in the original P.A. 99-0128, effective July 23, 2015, and would effectively be repealed by this bill.

COMMENT: Under current law, the following companies are subject to restrictions under the supervision of the Illinois Investment Policy Board (IIPB): companies that boycott Israel, for-profit companies that contract to shelter migrant children, Iran-restricted companies, Sudan-restricted companies, and companies based in either Russia or Belarus. The IIPB was established via P.A. 99-0128, effective July 23, 2015, and the board’s dictates only apply to the five State-funded systems (TRS, SURS, and the Illinois State Board of Investment, which oversees investments for SERS, GARS, and JRS).

The IIPB researches and assembles a list of restricted companies and distributes it to each retirement system. The list is reviewed on a quarterly basis, with the updated list sent to retirement systems and the State Treasurer when new information is available. Should a company cease the activity that led it to be restricted, then it will be removed from the list of restricted companies. Otherwise, the retirement system must sell, redeem, divest or withdraw all direct holdings in a restricted company within 12 months of appearing on the list.

HB 2723 removes companies that boycott Israel from the list of restricted companies. The Israel boycott divestiture requirement was included in the IIPB enacting statute, P.A. 99-0128. Of the 556 total restricted companies identified by IIPB, 31 engage in a boycott of Israel. According to SERS and SURS, statutory restrictions on investments limit their ability to adapt to the global market and reduce the pool of available investment opportunities.

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