



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: **HB 5610**

March 20, 2026

SPONSOR (S): Weaver

SYSTEM: Budget Stabilization Act

FISCAL IMPACT

Under **HB 5610**, the total “redirected” bond payments of \$2.42 billion (assuming FY 2045 occurs before the five State systems reach 100% funding) would be paid into the Pension Stabilization Fund (PSF) from FY 2030 through FY 2045, for the purpose of making additional contributions to the five State systems. The schedule of the payments under **HB 5610** is as follows:

Pension Stabilization Fund Payments (FY 2030 - FY 2049)		
Fiscal Year (FY)	2030 - 2033	2034 - 2045
Annual Payment	\$600 M	\$1.7 M (annually)
Total Payments	\$2.4 B	\$20.4 M

If the five systems reach 100% funding before FY 2045, the total payments may be less.

Please note that the bill mandates that none of these redirected bond payments should offset the required State contributions in any of the years payments are made.

SUBJECT MATTER: HB 5610 amends the Budget Stabilization Act to require additional payments to the Pension Stabilization Fund (PSF) until FY 2045 or until each of the five State

systems reaches 100% funding status, whichever occurs first. The payments are to be deposited from the General Revenue Fund (GRF), ordered by the State Comptroller, and transferred by the State Treasurer.

COMMENT: Currently, the \$6 billion Income Tax Proceed Bonds authorized by P.A. 100-0023 are scheduled to be retired by the end of FY 2030, followed by the \$10 billion FY 2003 Pension Obligation Bonds authorized by P.A. 93-0002 in FY 2033. There have been several proposed bills discussing using “freed-up” revenues made available upon the retirement of each bond.

For example, when HB 2540 from the 104th General Assembly—a bill containing similar language regarding additional PSF payments—was introduced, the total amount was \$6.2 billion. The intent was to use approximately half of the annual \$500 million principal payments made under the \$6 billion Income Tax Proceed Bonds, and half of the last \$1.1 billion principal payment made under the Pension Obligation Bonds issued under PA 93-002.

The intent appears to continue in HB 5610, but with smaller amounts redirected to pension funding. HB 5610 would redirect a total of approximately \$2.42 billion in bond payments into additional payments to be made from the GRF to the PSF, ordered by the State Comptroller and transferred by the State Treasurer, as follows:

- FY 2030 through 2033: an additional \$600 million each fiscal year; and
- FY 2034 through 2045: an additional \$1.7 million in each of those fiscal years.

These payments in HB 5610 are set to terminate at the end of fiscal year 2045 or when each of the affected retirement systems reaches 100% funding, whichever occurs first. If the Systems become 100% funded before FY 2045, the total additional payments may be less than \$2.42 billion.

HB 5610 states that the aforementioned payments (including any investment earnings attributable to those payments) apportioned from the PSF to the Systems shall **not** be used in the calculation of the required State contributions until the Systems achieve the 100% funding ratio.

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