



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: SB 3342

March 18, 2026

SPONSOR: Guzmán – Peters

SYSTEM: General Provisions Article

FISCAL IMPACT

SB 3342 would add for-profit companies that “contract to shelter incarcerated or detained persons” to the prohibited investment list established by the Illinois Investment Policy Board (IIPB). According to the IIPB, a research study would be conducted if the bill becomes law to determine the number of those companies from which retirement systems must fully divest, as such the number of companies affected cannot be ascertained at this time. The IIPB also expressed concern about statutory restrictions on investment authority. This is in line with previous statements from retirement systems regarding similar divestment bills, which indicate that such restrictions may limit their ability to adapt to the global market and limit their pool of available investment opportunities.

SUBJECT MATTER: SB 3342 amends the General Provisions Article of the Illinois Pension Code to add all for-profit companies that “contract to shelter incarcerated or detained persons” to the list of restricted companies published by the Illinois Investment Policy Board (IIPB). This bill also amends the Public Funds Investment Act to prohibit certain municipalities and counties from investing in such companies.

COMMENT: Following the enactment of P.A. 99-0128 (eff. July 23, 2015) the IIPB was established. Under the Illinois Pension Code, the IIPB’s authority applies to the five State-funded systems (TRS, SURS, and the Illinois State Board of Investment (ISBI), which manages investment assets for SERS, GARS, and JRS).

The IIPB researches and assembles a list of restricted companies and distributes it to each retirement system under its jurisdiction. 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.

Under current law, restricted companies include companies that boycott Israel, for-profit companies that contract to shelter migrant children, Iran-restricted companies, Sudan-restricted companies, expatriated entities, companies based in Russia or Belarus, and companies that are subject to Russian Harmful Foreign Activities Sanctions.

SB 3342 would add for-profit companies that contract to shelter incarcerated or detained persons (“for-profit prisons/detention centers”) to the list of restricted companies. Specifically, the definition provided in SB 3342 would prevent the State retirement systems, based on the restricted companies list issued by IIPB, from investing in a for-profit company that does one or more of the following:

- Community Correctional supervision (probation or parole programs)
- Operates a correctional facility/prison
- Incarceration of persons in violations of local, State, or federal criminal law
- Sheltering persons detained for federal civil immigration violations under the Immigration and Nationality Act

Currently, should a company cease activity that led it to be restricted, then it shall 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. Retirement systems afterwards may not have more than .5% of their market value of assets in restricted companies. In other words, retirement systems are allowed to cease divestment in restricted companies if the total market value of assets invested is less than or equal to .5% of total assets.

SB 3342, however, creates an exception to the .5% divestment threshold for for-profit prisons/detention centers requiring the retirement systems (and ISBI) to divest all investments in those companies without exceptions. This absolute divestment requirement shall be unique to for-profit prisons/detention centers.

Under SB 3342, no later than 6 months after the effective date of this bill, the IIPB shall make its best efforts to research all for-profit companies that contract to shelter incarcerated or detained persons and include them on the restricted companies list distributed to the State retirement systems.

According to IIPB, until such research is conducted, IIPB is unable to ascertain the number of investments in for-profit prisons/detention centers, and while neutral on the bill reiterates previously expressed concern over the restriction of investment authority.

SB 3342 also amends the Public Funds Investment Act to apply similar investment restrictions to municipalities with a population of at least 500,000 or a county with a population of at least 3,000,000.

SB 3342 is identical to HB 4833 also proposed in the 104th General Assembly.

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