

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

98TH GENERAL ASSEMBLY

BILL NO: **HB 1296**

February 6, 2013

SPONSOR (S): C. Mitchell – Currie, et al.

SYSTEM(S): General Provisions Article

FISCAL IMPACT: The Illinois State Board of Investment reports a base market value of \$2.5 million in holdings in firearms/ammunition manufacturing companies across five index funds. SURS reports holdings of approximately \$122 thousand in firearms manufacturers through passively-managed index funds. TRS did not provide a dollar amount, but they reported that an “extremely small” amount of their trust fund is invested in passively-managed index funds that invest in firearms manufacturers.

SUBJECT MATTER: HB 1296 amends the General Provisions article of the Illinois Pension Code to require notification and divestiture of firearm and ammunition manufacturer securities from pension funds and retirement systems covered under the Illinois Pension Code.

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COMMENT: HB 1296 amends the General Provisions article of the Illinois Pension Code and affects all pension funds and retirement systems covered under the Code. The legislation requires all funds and retirement systems to identify all companies that produce firearms and ammunition and notify them about possibly divestiture. If after 90 days, these companies do not stop manufacturing firearms and/or ammunition, then the pension funds and retirement systems must sell, redeem, divest or withdraw all securities of the company from the retirement system’s assets. The proposed legislation has an immediate effective date.

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