

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **SB 0099**

February 6, 2007

SPONSOR (S): Jacobs

SYSTEM(S): General Provisions Article

FISCAL IMPACT: SB 0099 may have a fiscal impact, but the impact cannot be determined. If Illinois public pension funds and retirement systems do not have to divest certain assets and reinvest the proceeds in other assets, there may be a fiscal impact due to a change in asset allocation. Asset allocation affects a system's or fund's long-term investment returns. If asset allocation does not have to change significantly, the impact of SB 0099 may be significant.

SUBJECT MATTER: SB 0099 amends the Illinois Pension Code to repeal a provision prohibiting a fiduciary of a retirement system or pension fund from transacting business with certain entities associated with the Republic of Sudan.

FISCAL IMPACT: SB 0099 may have a fiscal impact, but the impact cannot be determined. If Illinois public pension funds and retirement systems do not have to divest certain assets and reinvest the proceeds in other assets, there may be a fiscal impact due to a change in asset allocation. Asset allocation affects a system's or fund's long-term investment returns. If asset allocation does not have to change significantly, the impact of SB 0099 may be significant.

COMMENTS: Currently, any fiduciary of a retirement system or pension fund established under the Illinois Pension Code is not permitted to transfer or disburse funds to, deposit into, acquire any bonds or commercial paper from, or otherwise loan to or invest in any entity associated with the Republic of Sudan. These forbidden entities include: (a) The government of the Republic of Sudan and any of its agencies, (b) Any company managed wholly or in part by the government of the Republic of Sudan, (c) Any company organized under the laws of the Republic of Sudan, (e) Any company whose principle place of business is located within the Republic of Sudan, (f) Any company identified as sponsoring terrorism, (g) Any company violating United States laws regarding the Republic of Sudan, (h) Any publically traded company having any economic relationships with any other forbidden entity, and (i) Any non-publically traded company failing to certify it has no economic relationships with any of the other forbidden entities. In addition, a schedule of periodic certification of compliance with all Sudan related statutes has been established. SB 0099 would repeal the entire section of the Code which contains all of the above restrictions and requirements.

GS:dkb

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