

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by adding  
5 Section 1-110.16 as follows:

6 (40 ILCS 5/1-110.16 new)

7 Sec. 1-110.16. Transactions prohibited by retirement  
8 systems; manufacturers of firearms and ammunition.

9 (a) As used in this Section:

10 "Company" means any sole proprietorship, organization,  
11 association, corporation, partnership, joint venture, limited  
12 partnership, limited liability partnership, limited liability  
13 company, or other entity or business association, including all  
14 wholly owned subsidiaries, majority-owned subsidiaries, parent  
15 companies, or affiliates of those entities or business  
16 associations, that exists for the purpose of making profit.

17 "Direct holdings" in a company means all securities of that  
18 company that are held directly by the retirement system or in  
19 an account or fund in which the retirement system owns all  
20 shares or interests.

21 "Firearm manufacturing company" means a company that is  
22 licensed pursuant to 27 C.F.R. 478.41 as a manufacturer of  
23 destructive devices, ammunition for destructive devices, armor

1 piercing ammunition, firearms other than destructive devices,  
2 or ammunition for firearms other than destructive devices or  
3 armor piercing ammunition but does not include either a company  
4 that manufactures only ceremonial weapons or a company that  
5 manufactures only unassembled component parts for any of the  
6 following: destructive devices, ammunition for destructive  
7 devices, armor piercing ammunition, firearms other than  
8 destructive devices, or ammunition for firearms other than  
9 destructive devices or armor piercing ammunition.

10 "Indirect holdings" in a company means all securities of  
11 that company that are held in an account or fund, such as a  
12 mutual fund, managed by one or more persons not employed by the  
13 retirement system, in which the retirement system owns shares  
14 or interests together with other investors not subject to the  
15 provisions of this Section.

16 "Private market fund" means any private equity fund,  
17 private equity fund of funds, venture capital fund, hedge fund,  
18 hedge fund of funds, real estate fund, or other investment  
19 vehicle that is not publicly traded.

20 "Retirement system" means any pension fund or retirement  
21 system established under this Code.

22 (b) Within 90 days after the effective date of this  
23 Section, each retirement system shall make its best efforts to  
24 identify all firearm manufacturing companies in which the  
25 retirement system has direct or indirect holdings.

26 These efforts shall include the following, as appropriate

1 in the retirement system's judgment:

2 (1) reviewing and relying on publicly available  
3 information regarding firearm manufacturing companies,  
4 including information provided by nonprofit organizations,  
5 research firms, and government entities;

6 (2) contacting asset managers contracted by the  
7 retirement system that invest in firearm manufacturing  
8 companies; and

9 (3) contacting other institutional investors that have  
10 divested from or engaged with firearm manufacturing  
11 companies.

12 The retirement system may retain an independent research  
13 firm to identify firearm manufacturing companies in which the  
14 retirement system has direct or indirect holdings. By the first  
15 meeting of the retirement system following the 90-day period  
16 described in this subsection (b), the retirement system shall  
17 assemble all identified firearm manufacturing companies into a  
18 firearm manufacturing companies list.

19 The retirement system shall update the firearm  
20 manufacturing companies list annually based on evolving  
21 information from, among other sources, those listed in this  
22 subsection (b).

23 (c) The retirement system shall adhere to the following  
24 procedures for companies on the firearm manufacturing  
25 companies list:

26 (1) The retirement system shall determine the firearm

1 manufacturing companies on the firearm manufacturing  
2 companies list in which the retirement system owns direct  
3 or indirect holdings.

4 (2) For each company newly identified in item (1) of  
5 this subsection (c), the retirement system shall send a  
6 written notice informing the firearm manufacturing company  
7 of its status and that it may become subject to divestment  
8 by the retirement system.

9 (3) If, within 90 days after the retirement system's  
10 first engagement with a firearm manufacturing company  
11 pursuant to this subsection (c), that company ceases to  
12 manufacture firearms, the company shall be removed from the  
13 firearm manufacturing companies list and the provisions of  
14 this Section shall cease to apply to it unless it resumes  
15 manufacturing firearms.

16 (d) If, after 90 days following the retirement system's  
17 first engagement with a firearm manufacturing company pursuant  
18 to subsection (c), the company continues to manufacture  
19 firearms, the retirement system shall sell, redeem, divest, or  
20 withdraw all publicly traded securities of the company from the  
21 retirement system's assets under management within 12 months  
22 after the company's most recent appearance on the firearm  
23 manufacturing companies list.

24 (e) The retirement system may not acquire securities of  
25 firearm manufacturing companies on the firearm manufacturing  
26 companies list.

1       (f) Each retirement system shall file a report with the  
2 Public Pension Division of the Department of Financial and  
3 Professional Regulation that includes the firearm  
4 manufacturing companies list within 30 days after the list is  
5 created. This report shall be made available to the public.

6       Each retirement system shall file an annual report with the  
7 Public Pension Division, which shall be made available to the  
8 public, that includes all of the following:

9           (1) a summary of correspondence with companies engaged  
10 by the retirement system under items (2) and (3) of  
11 subsection (c);

12           (2) all investments sold, redeemed, divested, or  
13 withdrawn in compliance with subsection (d); and

14           (3) all prohibited investments under subsection (e).

15       (g) With respect to actions taken in compliance with this  
16 Act, including all good-faith determinations regarding  
17 companies as required by this Act, the retirement system is  
18 exempt from any conflicting statutory or common law  
19 obligations, including any fiduciary duties under this Article  
20 and any obligations with respect to choice of asset managers,  
21 investment funds, or investments for the retirement system's  
22 securities portfolios.

23       (h) If any provision of this Section or its application to  
24 any person or circumstance is held invalid, the invalidity of  
25 that provision or application does not affect other provisions  
26 or applications of this Section that can be given effect

1 without the invalid provision or application.

2       Section 99. Effective date. This Act takes effect upon  
3 becoming law.