



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB0130

Introduced 1/17/2025, by Sen. Adriane Johnson

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-110.18 new

Amends the General Provisions Article of the Illinois Pension Code. Provides that the amendatory Act may be referred to as the Fossil Fuel Divestment Act. With regard to the retirement systems established under the General Assembly, State Employees, State Universities, Downstate Teachers, or Judges Article of the Code and the Illinois State Board of Investment, prohibits direct investment of any additional pension assets in the stocks, securities, or other obligations of any fossil fuel company or any subsidiary, affiliate, or parent of a fossil fuel company. Provides that each board of trustees of a pension system shall ensure the pension system does not make further indirect investments unless, upon exercising due diligence, the board of trustees is satisfied that the investment vehicle is unlikely to have more than 2% of its assets invested in fossil fuel companies. Requires pension system trustees to identify the pension system's holdings, whether directly or indirectly invested, including private investments. Requires pension system trustees to identify holdings that are invested in the stocks, securities, equities, fixed income, corporate bonds, prime commercial paper, or other obligations of fossil fuel companies. Requires pension systems to, in accordance with sound investment criteria and consistent with fiduciary obligations, divest any fossil fuel holdings, which must be completed by January 1, 2030. Requires pension systems to adopt an update to their written investment policies if necessary. Requires each pension system to disclose the analytic methods used, if any, in determining the climate-related financial risks posed by its fossil fuel investments (both publicly traded and private investments) and the results of the analysis. Sets forth provisions concerning definitions, de minimis exposure to fossil fuel securities, and annual reporting. Effective immediately.

LRB104 03580 RPS 13604 b

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 1. This Act may be referred to as the Fossil Fuel  
5 Divestment Act.

6 Section 5. Findings. The General Assembly finds that:

7 (1) Climate change is a real and serious threat to the  
8 health, welfare, and prosperity of all Illinoisans, now  
9 and in the future. Scientific evidence indicates that  
10 maintaining the status quo of fossil fuel energy  
11 production will lead to catastrophic results.

12 (2) Continued investment in the fossil fuel industry  
13 is counterproductive to the goals set forth in the Energy  
14 Transition Act. That Act, passed by the Illinois General  
15 Assembly and signed into law in 2021, commits the State to  
16 phasing out carbon emissions from the energy and transport  
17 sectors and requires Illinois to be 100% reliant on  
18 renewable energy by 2050.

19 (3) The threats posed by climate change, and the  
20 necessary transformation of the global energy system to  
21 mitigate it, will have a serious negative impact on  
22 investors whose assets are not aligned with the goal of  
23 keeping the global average temperature increase below 1.5

1 degrees Celsius.

2 (4) Continued investment in fossil fuel-related  
3 industries poses unacceptable risk to the long-term  
4 sustainability of State and local pension funds that are  
5 under the State Treasurer's control; to the long-term  
6 sustainability of \$26,000,000,000 of the State's  
7 investments, \$17,000,000,000 in the programs established  
8 pursuant to Section 529 of the Internal Revenue Code,  
9 \$12,000,000,000 of the Illinois Funds, \$80,000,000 of the  
10 Secure Choice Retirement Savings Programs, and \$30,000,000  
11 in the ABLE Account Program; and to the sustainability of  
12 other Illinois municipal and county funds.

13 (5) Because the continued investment in fossil  
14 fuel-related industries poses unacceptable risk to these  
15 pension systems and State investments, those who hold  
16 investment authority over these systems should divest from  
17 fossil fuel companies and fossil fuel infrastructure. Such  
18 entities are encouraged to invest in climate change  
19 solutions where consistent with acceptable financial risk.

20 Section 10. The Illinois Pension Code is amended by adding  
21 Section 1-110.18 as follows:

22 (40 ILCS 5/1-110.18 new)

23 Sec. 1-110.18. Fossil fuel investment prohibited.

24 (a) In this Section:

1       "Fossil fuel" means coal, petroleum, natural gas, or any  
2 derivative of coal, petroleum, or natural gas that is used for  
3 fuel.

4       "Fossil fuel company" means any company, including any  
5 subsidiary, affiliate, or parent of a company, that: (1) is  
6 among the 200 publicly traded companies with the largest  
7 fossil fuel reserves in the world; (2) is among the 30 largest  
8 public company owners in the world of coal-fired power plants;  
9 (3) has as its core business the construction or operation of  
10 fossil fuel infrastructure; (4) has as its core business the  
11 exploration, extraction, refining, processing, or distribution  
12 of fossil fuels; or (5) receives more than 2% of its gross  
13 revenue from companies that meet the definition under item  
14 (1), (2), (3), or (4) of this definition.

15       "Fossil fuel infrastructure" means oil or gas wells; oil  
16 or gas pipelines and refineries; oil, coal, or gas-fired power  
17 plants; oil and gas storage tanks; fossil fuel export  
18 terminals; and any other infrastructure used exclusively for  
19 fossil fuels.

20       "Indirect investment" means a holding in an investment  
21 vehicle, whether publicly or privately traded, that directly  
22 or indirectly owns more than a 1% interest in one or more  
23 individual fossil fuel companies.

24       "Pension system" means a pension fund or retirement system  
25 established under Article 2, 14, 15, 16, or 18 or the Illinois  
26 State Board of Investment.

1       (b) Beginning on the effective date of this amendatory Act  
2 of the 104th General Assembly, in accordance with sound  
3 investment criteria and consistent with fiduciary obligations,  
4 a pension system shall not directly invest any additional  
5 pension assets in the stocks, securities, or other obligations  
6 of any fossil fuel company or any subsidiary, affiliate, or  
7 parent of any fossil fuel company. In addition, each board of  
8 trustees of a pension system shall ensure the pension system  
9 does not make further indirect investments unless, upon  
10 exercising due diligence, the board of trustees is satisfied  
11 that the investment vehicle is unlikely to have more than 2% of  
12 its assets invested in fossil fuel companies. The board of  
13 trustees of a pension system shall not invest in any prime  
14 commercial paper or corporate bonds issued by a fossil fuel  
15 company.

16       (c) Within 90 days after the effective date of this  
17 amendatory Act of the 104th General Assembly, pension system  
18 trustees shall identify the pension system's holdings, whether  
19 directly or indirectly invested, including private  
20 investments. The report shall identify holdings that are  
21 invested in the stocks, securities, equities, fixed income,  
22 corporate bonds, prime commercial paper, or other obligations  
23 of fossil fuel companies. For directly invested assets, the  
24 name and subject of the investment, the asset class,  
25 acquisition dates, and its current value shall be identified.  
26 For indirectly invested assets, including private investments,

1 the name and subject of the investment, the name of the General  
2 Partner, the investment vehicle, the initial date and amount  
3 invested, the fee structure, liquidity restrictions, if any,  
4 and the actual or anticipated exit date shall be disclosed.  
5 Such information shall be submitted as a report to the General  
6 Assembly and posted on each pension system's publicly  
7 accessible website within 180 days after the effective date of  
8 this amendatory Act of the 104th General Assembly. Such  
9 reports shall be updated and posted quarterly thereafter.

10 (d) (1) The board of trustees of a pension system shall, in  
11 accordance with sound investment criteria and consistent with  
12 fiduciary obligations, divest any fossil fuel holdings.  
13 Divestment pursuant to this subsection must be completed by  
14 January 1, 2030. Nothing in this subsection precludes de  
15 minimis exposure of any funds held by the board to the stocks,  
16 securities, or other obligations of any fossil fuel company or  
17 any subsidiary, affiliate, or parent of any fossil fuel  
18 company.

19 (2) Except as otherwise provided, trustees of the  
20 pension systems shall, in accordance with sound investment  
21 criteria and consistent with fiduciary obligations, divest  
22 any indirectly held investments no later than January 1,  
23 2030. Funds held in any investment vehicle that imposes  
24 liquidity restrictions shall be divested as soon as  
25 fiscally responsible but no later than January 1, 2035.  
26 Nothing in this subsection precludes de minimis exposure

1 of any funds held by a pension system in the assets or  
2 obligations described in this Section.

3 (3) In the period before divestment pursuant to  
4 paragraphs (1) and (2), the pension system may sign  
5 engagement letters or participate in shareholder  
6 resolutions seeking an agreed-upon divestment of fossil  
7 fuels from the pension system's holdings.

8 (4) Nothing in this Section precludes or limits the  
9 exercise of shareholder engagement or proxy voting rights  
10 as guaranteed by a pension system's de minimis holdings  
11 following the pension system's divestment obligations  
12 pursuant to this Section.

13 (e) Each board of trustees of a pension system that has  
14 adopted a written investment policy under Section 1-113.6  
15 shall adopt an update of its written investment policy, if  
16 necessary, to meet the requirements of this Section. A copy of  
17 the updated policy shall be filed with the Department of  
18 Insurance within 30 days after its adoption.

19 (f)(1) Each pension system shall disclose the analytic  
20 methods used, if any, in determining the climate-related  
21 financial risks posed by its fossil fuel investments (both  
22 publicly traded and private investments) and the results of  
23 such analysis, including the alignment of each pension system  
24 with the Paris Climate Agreement and the climate policy goals  
25 that are included in the Energy Transition Act.

26 (2) Each pension system shall report its

1 climate-related shareholder engagement activities and  
2 outcomes. For publicly traded investments, the report must  
3 also include a description of additional action taken, or  
4 to be taken, by the board to address climate-related  
5 financial risk. The pension system's proxy voting  
6 guidelines and climate-related voting record for the year  
7 must also be included in the report. For private  
8 investments, fund managers must identify all efforts  
9 undertaken to decarbonize an existing investment and must  
10 further identify all efforts that will be taken to prevent  
11 fossil fuel exposure through future private investments.

12 (3) Beginning January 1, 2026 and annually thereafter,  
13 each pension system shall issue a report reviewing its  
14 environmental, social, and governance investment policy.  
15 The report must disclose commonly available environmental  
16 performance metrics on the environmental effects of the  
17 pension system's investments.

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.