



**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0646
Prime Sponsor(s): Rep. Rosenthal

Date: July 5, 2016
Bill Status: Postponed Indefinitely
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BILL TOPIC: PERA INVESTMENTS IN RENEWABLE ENERGY COMPANIES

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill requires that the Public Employees' Retirement Association (PERA) ensure that one percent of future investments be in renewable energy companies.

Beginning January 1, 2017, and each year thereafter, PERA must ensure that one percent of the moneys not already invested by the association in the coming year will be invested in renewable energy companies. If PERA is unable to invest one percent, the association must explain why it was unable to satisfy this requirement in their comprehensive annual financial report (CAFR).

Statutory Public Entity Impact

Beginning in FY 2016-17, the bill increases costs for PERA by approximately \$250,000 annually. To implement the bill, the association will need to hire or contract with additional investment professionals who have expertise in renewable energy investments, at an estimated cost of \$180,000 annually. Further, PERA will require new subscriptions to industry data sources, with annual cost of approximately \$64,000. Investment due diligence analysis and transaction expenses are also expected, with estimated annual costs of approximately \$10,000. These additional administrative costs are borne by the divisional trust funds of PERA. This expense can be expected to grow in future years as the size of the renewable energy company portfolio increases.

PERA maintains a complicated and diverse investment portfolio and this fiscal note makes no estimate of potential returns from renewable energy investments, or the impact overall on the association's investment portfolio.

Effective Date

The bill was postponed indefinitely by the House Finance Committee on February 24, 2016.

State and Local Government Contacts

PERA