



**Colorado  
Legislative  
Council  
Staff**

**HB16-1284**

**FINAL  
FISCAL NOTE**

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

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**Drafting Number:** LLS 16-0038

**Date:** July 28, 2016

**Prime Sponsor(s):** Rep. Nordberg; Moreno  
Sen. Hill; Garcia

**Bill Status:** Signed into Law

**Fiscal Analyst:** Kerry White (303-866-3469)

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**BILL TOPIC:** DIVEST FROM CO WITH PROHIBITIONS AGAINST ISRAEL

### Summary of Legislation

The bill requires that the Public Employees' Retirement Association (PERA) take steps to identify all companies that have economic prohibitions against Israel. A list of these companies, referred to as restricted companies, is to be compiled by January 1, 2017, and updated biannually thereafter. PERA is required to notify each restricted company of its status in writing and to remove companies that cease to have prohibitions.

If a company does not cease its prohibitions within 180 days of being contacted by PERA, PERA is required to sell, redeem, divest, or withdraw (divest) its assets of all publically traded securities (direct holdings) in the restricted company within 12 months. An exception is created if divestments result in the value of all assets falling below 99.5 percent or 50 basis points of the assumed value of the portfolio with the inclusion of restricted companies. While a company is listed as restricted, PERA is prohibited from acquiring direct holdings in it.

Upon request, and at least annually, PERA is required to post information about divestments of restricted companies on its website.

### Statutory Public Entity Impact

Beginning in FY 2016-17, the bill increases costs for PERA to hire staff and obtain specialized software to comply with the bill's requirements. As of this writing, this cost is estimated as ranging from between \$100,000 and \$150,000 per year as no commercial vendors offering this product have been identified. Any increase in administrative costs will be borne by the divisional trust funds of PERA. PERA maintains a complicated and diverse investment portfolio and this fiscal note makes no estimate of potential returns as a result of changing its mix of investments following any divestments.

### Effective Date

The bill was signed into law by the Governor on March 18, 2016, and takes effect August 10, 2016, assuming no referendum petition is filed.

**State and Local Government Contacts**

PERA