

## Virginia Retirement System 2007 Fiscal Impact Statement

1. **Bill Number** SB 1331

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed

**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Cuccinelli

3. **Committee** Finance

4. **Title** Virginia Retirement System; investments related to Sudan.

5. **Summary/Purpose:** Virginia Retirement System; investments related to Sudan. Requires the Virginia Retirement System, under certain circumstances, to divest of securities in companies meeting certain criteria gauged to be related to the genocide in the Darfur region of Sudan.

6. **Fiscal Impact Estimates are:** See Fiscal Implications below.

7. **Budget amendment necessary:** No

8. **Fiscal implications:** VRS would incur transaction costs ranging from \$800,000 to \$3.4 million depending upon the number of securities owned by VRS subject to divestment. The bill allows divestment to cease if the balance of the trust fund reaches 99.50% of what it would have been had divestment not occurred. This 50 basis point stop-gap measure, given the fund's current balance, would allow relative losses of approximately \$269 million to accumulate before divestment would stop. The threshold for losses increases as the trust fund balance increases. Any losses would have to be made up by increased contributions from state and local governments.

9. **Specific agency or political subdivisions affected:** VRS

10. **Technical amendment necessary:** Yes. A series of technical amendments have been proposed by VRS to improve clarity and assist in implementing the bill's purpose.

11. **Other comments:** The VRS Board of Trustees has conveyed serious reservations about the investment restrictions proposed in this bill.

**Date:** 01/19/07 /pas

**Document:** SB 1331