

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7850

BILL NUMBER: HB 1803

DATE PREPARED: Jan 13, 2001

BILL AMENDED:

SUBJECT: Indiana Investment Company.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Investment Company. It requires the Public Employees' Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF) to use the Indiana Investment Company as the Funds' exclusive agent for the management and investment of the Funds' assets allocated to private capital investments.

Effective Date: January 1, 2002.

Explanation of State Expenditures: The bill creates a body politic and corporate (the Indiana Investment Company) that is not a state agency, but is an independent instrumentality exercising essential public functions. The costs associated with this bill will depend upon operating decisions of the Indiana Investment Company, as well as investment decisions by the PERF and TRF Boards.

The company consists of seven members: 1) Lieutenant Governor; 2) Auditor of State; 3) President of the Board of Trustees of PERF; 4) President of the Board of Trustees of TRF; 5) one member with experience in private capital markets, appointed by the Speaker of the House of Representatives; 6) One member with experience in private capital markets, appointed by the President Pro Tempore of the Senate; and 7) one member who is a member of, and who has at least ten years of creditable service in, either the PERF or the TRF, appointed by the Lieutenant Governor.

Each member who is not a state employee is entitled to per diem and traveling expenses. Meetings are at the call of the Chair. Of the seven members, four would not be state employees and would be eligible for per diem and travel. The cost per meeting is estimated at \$409. The bill requires quarterly meetings resulting in an estimated cost of at least \$1,636.

The bill provides for the newly created Company to hire an executive director and staff. The company may employ legal staff and other employees as necessary. It also may secure office space. The cost for the staff

and related expenses will depend upon the action of the Company.

The newly created Company is the exclusive agent of the funds for the management and investment of the assets of the funds that are allocated to private capital.

The value of the funds devoted to private equity investment will depend upon the action of the PERF and TRF Boards. In addition, the fee for the services of the new company will be negotiated with the PERF and the TRF Boards and will be based on the dollar value of assets allocated to private equity investment.

Explanation of State Revenues: The revenues to be generated from this new investment tool are not known at this time.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund; Teachers' Retirement Fund.

Local Agencies Affected:

Information Sources: