



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4224

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/11-169

from Ch. 108 1/2, par. 11-169

Amends the Chicago Laborers Article of the Illinois Pension Code. Provides that if the city fails to transmit required contributions to the pension fund, the fund may certify to the State Comptroller the amount due, and the Comptroller must deduct and remit to (instead of deposit into) the fund the certified amounts from payments of State funds (instead of grants of State funds) to the city. Specifies that the certification must be in accordance with any applicable rules of the Comptroller. Effective immediately.

LRB100 16213 RPS 31336 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 5. The Illinois Pension Code is amended by changing
5 Section 11-169 as follows:

6 (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

7 Sec. 11-169. Financing; tax levy.

8 (a) Except as provided in subsection (f) of this Section,
9 the city council of the city shall levy a tax annually upon all
10 taxable property in the city at the rate that will produce a
11 sum which, when added to the amounts deducted from the salaries
12 of the employees or otherwise contributed by them and the
13 amounts deposited under subsection (f), will be sufficient for
14 the requirements of this Article. For the years prior to the
15 year 1950 the tax rate shall be as provided for under "The 1935
16 Act". Beginning with the year 1950 to and including the year
17 1969 such tax shall be not more than .036% annually of the
18 value, as equalized or assessed by the Department of Revenue,
19 of all taxable property within such city. Beginning with the
20 year 1970 and each year thereafter through levy year 2016, the
21 city shall levy a tax annually at a rate on the dollar of the
22 value, as equalized or assessed by the Department of Revenue of
23 all taxable property within such city that will produce, when

1 extended, not to exceed an amount equal to the total amount of
2 contributions by the employees to the fund made in the calendar
3 year 2 years prior to the year for which the annual applicable
4 tax is levied, multiplied by 1.1 for the years 1970, 1971 and
5 1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235
6 for the year 1975; 1.280 for the year 1976; 1.325 for the year
7 1977; 1.370 for the years 1978 through 1998; and 1.000 for the
8 year 1999 and for each year thereafter through levy year 2016.
9 Beginning in levy year 2017, and in each year thereafter, the
10 levy shall not exceed the amount of the city's total required
11 contribution to the Fund for the next payment year, as
12 determined under subsection (a-5). For the purposes of this
13 Section, the payment year is the year immediately following the
14 levy year.

15 The tax shall be levied and collected in like manner with
16 the general taxes of the city, and shall be exclusive of and in
17 addition to the amount of tax the city is now or may hereafter
18 be authorized to levy for general purposes under any laws which
19 may limit the amount of tax which the city may levy for general
20 purposes. The county clerk of the county in which the city is
21 located, in reducing tax levies under the provisions of any Act
22 concerning the levy and extension of taxes, shall not consider
23 the tax herein provided for as a part of the general tax levy
24 for city purposes, and shall not include the same within any
25 limitation of the per cent of the assessed valuation upon which
26 taxes are required to be extended for such city.

1 Revenues derived from such tax shall be paid to the city
2 treasurer of the city as collected and held by the city
3 treasurer for the benefit of the fund.

4 If the payments on account of taxes are insufficient during
5 any year to meet the requirements of this Article, the city may
6 issue tax anticipation warrants against the current tax levy.

7 The city may continue to use other lawfully available funds
8 in lieu of all or part of the levy, as provided under
9 subsection (f) of this Section.

10 (a-5)(1) Beginning in payment year 2018, the city's
11 required annual contribution to the Fund for payment years 2018
12 through 2022 shall be: for 2018, \$36,000,000; for 2019,
13 \$48,000,000; for 2020, \$60,000,000; for 2021, \$72,000,000; and
14 for 2022, \$84,000,000.

15 (2) For payment years 2023 through 2058, the city's
16 required annual contribution to the Fund shall be the amount
17 determined by the Fund to be equal to the sum of (i) the city's
18 portion of projected normal cost for that fiscal year, plus
19 (ii) an amount determined on a level percentage of applicable
20 employee payroll basis that is sufficient to bring the total
21 actuarial assets of the Fund up to 90% of the total actuarial
22 liabilities of the Fund by the end of 2058.

23 (3) For payment years after 2058, the city's required
24 annual contribution to the Fund shall be equal to the amount,
25 if any, needed to bring the total actuarial assets of the Fund
26 up to 90% of the total actuarial liabilities of the Fund as of

1 the end of the year. In making the determinations under
2 paragraphs (2) and (3) of this subsection, the actuarial
3 calculations shall be determined under the entry age normal
4 actuarial cost method, and any actuarial gains or losses from
5 investment return incurred in a fiscal year shall be recognized
6 in equal annual amounts over the 5-year period following the
7 fiscal year.

8 To the extent that the city's contribution for any of the
9 payment years referenced in this subsection is made with
10 property taxes, those property taxes shall be levied,
11 collected, and paid to the Fund in a like manner with the
12 general taxes of the city.

13 (a-10) If the city fails to transmit to the Fund
14 contributions required of it under this Article by December 31
15 of the year in which such contributions are due, the Fund may,
16 after giving notice to the city, certify to the State
17 Comptroller the amounts of the delinquent payments in
18 accordance with any applicable rules of the Comptroller, and
19 the Comptroller must, beginning in payment year 2018, deduct
20 and remit to ~~deposit into~~ the Fund the certified amounts or a
21 portion of those amounts from the following proportions of
22 payments ~~grants~~ of State funds to the city:

23 (1) in payment year 2018, one-third of the total amount
24 of any payments ~~grants~~ of State funds to the city;

25 (2) in payment year 2019, two-thirds of the total
26 amount of any payments ~~grants~~ of State funds to the city;

1 and

2 (3) in payment year 2020 and each payment year
3 thereafter, the total amount of any payments ~~grants~~ of
4 State funds to the city.

5 The State Comptroller may not deduct from any payments
6 ~~grants~~ of State funds to the city more than the amount of
7 delinquent payments certified to the State Comptroller by the
8 Fund.

9 (b) On or before July 1, 2017, and each July 1 thereafter,
10 the board shall certify to the city council the annual amounts
11 required under this Article, for which the tax herein provided
12 shall be levied for the following year. The board shall compute
13 the amounts necessary for the purposes of this fund to be
14 credited to the reserves established and maintained as herein
15 provided, and shall make an annual determination of the amount
16 of the required city contributions; and certify the results
17 thereof to the city council.

18 (c) In respect to employees of the city who are transferred
19 to the employment of a park district by virtue of "Exchange of
20 Functions Act of 1957" the corporate authorities of the park
21 district shall annually levy a tax upon all the taxable
22 property in the park district at such rate per cent of the
23 value of such property, as equalized or assessed by the
24 Department of Revenue, as shall be sufficient, when added to
25 the amounts deducted from their salaries and otherwise
26 contributed by them, to provide the benefits to which they and

1 their dependents and beneficiaries are entitled under this
2 Article. The city shall not levy a tax hereunder in respect to
3 such employees.

4 The tax so levied by the park district shall be in addition
5 to and exclusive of all other taxes authorized to be levied by
6 the park district for corporate, annuity fund, or other
7 purposes. The county clerk of the county in which the park
8 district is located, in reducing any tax levied under the
9 provisions of any Act concerning the levy and extension of
10 taxes shall not consider such tax as part of the general tax
11 levy for park purposes, and shall not include the same in any
12 limitation of the per cent of the assessed valuation upon which
13 taxes are required to be extended for the park district. The
14 proceeds of the tax levied by the park district, upon receipt
15 by the district, shall be immediately paid over to the city
16 treasurer of the city for the uses and purposes of the fund.

17 The various sums to be contributed by the city and
18 allocated for the purposes of this Article, and any interest to
19 be contributed by the city, shall be taken from the revenue
20 derived from the taxes authorized in this Section, and no money
21 of such city derived from any source other than the levy and
22 collection of those taxes or the sale of tax anticipation
23 warrants in accordance with the provisions of this Article
24 shall be used to provide revenue for this Article, except as
25 expressly provided in this Section.

26 If it is not possible for the city to make contributions

1 for age and service annuity and widow's annuity concurrently
2 with the employee's contributions made for such purposes, such
3 city shall make such contributions as soon as possible and
4 practicable thereafter with interest thereon at the effective
5 rate to the time they shall be made.

6 (d) With respect to employees whose wages are funded as
7 participants under the Comprehensive Employment and Training
8 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.
9 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
10 subsequent to October 1, 1978, and in instances where the board
11 has elected to establish a manpower program reserve, the board
12 shall compute the amounts necessary to be credited to the
13 manpower program reserves established and maintained as herein
14 provided, and shall make a periodic determination of the amount
15 of required contributions from the City to the reserve to be
16 reimbursed by the federal government in accordance with rules
17 and regulations established by the Secretary of the United
18 States Department of Labor or his designee, and certify the
19 results thereof to the City Council. Any such amounts shall
20 become a credit to the City and will be used to reduce the
21 amount which the City would otherwise contribute during
22 succeeding years for all employees.

23 (e) In lieu of establishing a manpower program reserve with
24 respect to employees whose wages are funded as participants
25 under the Comprehensive Employment and Training Act of 1973, as
26 authorized by subsection (d), the board may elect to establish

1 a special municipality contribution rate for all such
2 employees. If this option is elected, the City shall contribute
3 to the Fund from federal funds provided under the Comprehensive
4 Employment and Training Act program at the special rate so
5 established and such contributions shall become a credit to the
6 City and be used to reduce the amount which the City would
7 otherwise contribute during succeeding years for all
8 employees.

9 (f) In lieu of levying all or a portion of the tax required
10 under this Section in any year, the city may deposit of that
11 year for the benefit of the fund, to be held in accordance with
12 this Article, an amount that, together with the taxes levied
13 under this Section for that year, is not less than the amount
14 of the city contributions for that year as certified by the
15 board to the city council. The deposit may be derived from any
16 source legally available for that purpose, including, but not
17 limited to, the proceeds of city borrowings. The making of a
18 deposit shall satisfy fully the requirements of this Section
19 for that year to the extent of the amounts so deposited.
20 Amounts deposited under this subsection may be used by the fund
21 for any of the purposes for which the proceeds of the tax
22 levied by the city under this Section may be used, including
23 the payment of any amount that is otherwise required by this
24 Article to be paid from the proceeds of that tax.

25 (Source: P.A. 100-23, eff. 7-6-17.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.