



Sen. Napoleon Harris, III

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LRB100 05078 MJP 39903 a

1 AMENDMENT TO SENATE BILL 370

2 AMENDMENT NO. _____. Amend Senate Bill 370 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 3-125 and 4-118 as follows:

6 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

7 Sec. 3-125. Financing.

8 (a) The city council or the board of trustees of the
9 municipality shall annually levy a tax upon all the taxable
10 property of the municipality at the rate on the dollar which
11 will produce an amount which, when added to the deductions from
12 the salaries or wages of police officers, and revenues
13 available from other sources, will equal a sum sufficient to
14 meet the annual requirements of the police pension fund. The
15 annual requirements to be provided by such tax levy are equal
16 to (1) the normal cost of the pension fund for the year

1 involved, plus (2) an amount sufficient to bring the total
2 assets of the pension fund up to 90% of the total actuarial
3 liabilities of the pension fund by the end of municipal fiscal
4 year 2040, as annually updated and determined by an enrolled
5 actuary employed by the Illinois Department of Insurance or by
6 an enrolled actuary retained by the pension fund or the
7 municipality. In making these determinations, the required
8 minimum employer contribution shall be calculated each year as
9 a level percentage of payroll over the years remaining up to
10 and including fiscal year 2040 and shall be determined under
11 the projected unit credit actuarial cost method. The tax shall
12 be levied and collected in the same manner as the general taxes
13 of the municipality, and in addition to all other taxes now or
14 hereafter authorized to be levied upon all property within the
15 municipality, and shall be in addition to the amount authorized
16 to be levied for general purposes as provided by Section 8-3-1
17 of the Illinois Municipal Code, approved May 29, 1961, as
18 amended. The tax shall be forwarded directly to the treasurer
19 of the board within 30 business days after receipt by the
20 county.

21 (b) For purposes of determining the required employer
22 contribution to a pension fund, the value of the pension fund's
23 assets shall be equal to the actuarial value of the pension
24 fund's assets, which shall be calculated as follows:

25 (1) On March 30, 2011, the actuarial value of a pension
26 fund's assets shall be equal to the market value of the

1 assets as of that date.

2 (2) In determining the actuarial value of the System's
3 assets for fiscal years after March 30, 2011, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

7 (c) Except as provided in subsection (c-5), if ~~if~~ a
8 participating municipality fails to transmit to the fund
9 contributions required of it under this Article for more than
10 90 days after the payment of those contributions is due, the
11 fund may, after giving notice to the municipality, certify to
12 the State Comptroller the amounts of the delinquent payments in
13 accordance with any applicable rules of the Comptroller, and
14 the Comptroller must, beginning in fiscal year 2016, deduct and
15 remit to the fund the certified amounts or a portion of those
16 amounts from the following proportions of payments of State
17 funds to the municipality:

18 (1) in fiscal year 2016, one-third of the total amount
19 of any payments of State funds to the municipality;

20 (2) in fiscal year 2017, two-thirds of the total amount
21 of any payments of State funds to the municipality; and

22 (3) in fiscal year 2018 and each fiscal year
23 thereafter, the total amount of any payments of State funds
24 to the municipality.

25 The State Comptroller may not deduct from any payments of
26 State funds to the municipality more than the amount of

1 delinquent payments certified to the State Comptroller by the
2 fund.

3 (c-5) As used in this subsection, "distressed
4 municipality" means a participating municipality that: (A) has
5 a population of 30% or more at or below the federal poverty
6 threshold and has a median property value of owner-occupied
7 housing units below \$75,000, as determined by the most recent
8 published estimates of the United States Census Bureau; or (B)
9 is certified by the Department of Revenue as being in the
10 highest 5% of all home rule municipalities in terms of the
11 aggregate of the rate percent of all taxes levied in accordance
12 with statute or ordinance upon all property of the municipality
13 and is certified by the Department of Revenue as being in the
14 lowest 5% of all home rule municipalities in terms of per
15 capita tax yield.

16 If a distressed municipality fails to transmit to the fund
17 contributions required of it under this Article for more than
18 180 days after the payment of those contributions is due, then
19 the fund may, after giving notice to the municipality, certify
20 to the State Comptroller the amount of the delinquent payments
21 in accordance with any applicable rules of the Comptroller, and
22 the Comptroller must, beginning in fiscal year 2020, deduct and
23 remit to the fund the certified amounts from the total amount
24 of any payments of State funds to the municipality.

25 The State Comptroller may not deduct from any payments of
26 State funds to the distressed municipality more than the amount

1 of delinquent payments certified to the State Comptroller by
2 the fund. A distressed municipality is not subject to the
3 provisions of subsection (c).

4 (d) The police pension fund shall consist of the following
5 moneys which shall be set apart by the treasurer of the
6 municipality:

7 (1) All moneys derived from the taxes levied hereunder;

8 (2) Contributions by police officers under Section
9 3-125.1;

10 (3) All moneys accumulated by the municipality under
11 any previous legislation establishing a fund for the
12 benefit of disabled or retired police officers;

13 (4) Donations, gifts or other transfers authorized by
14 this Article.

15 (e) The Commission on Government Forecasting and
16 Accountability shall conduct a study of all funds established
17 under this Article and shall report its findings to the General
18 Assembly on or before January 1, 2013. To the fullest extent
19 possible, the study shall include, but not be limited to, the
20 following:

21 (1) fund balances;

22 (2) historical employer contribution rates for each
23 fund;

24 (3) the actuarial formulas used as a basis for employer
25 contributions, including the actual assumed rate of return
26 for each year, for each fund;

- 1 (4) available contribution funding sources;
- 2 (5) the impact of any revenue limitations caused by
- 3 PTELL and employer home rule or non-home rule status; and
- 4 (6) existing statutory funding compliance procedures
- 5 and funding enforcement mechanisms for all municipal
- 6 pension funds.

7 (Source: P.A. 99-8, eff. 7-9-15.)

8 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

9 Sec. 4-118. Financing.

10 (a) The city council or the board of trustees of the

11 municipality shall annually levy a tax upon all the taxable

12 property of the municipality at the rate on the dollar which

13 will produce an amount which, when added to the deductions from

14 the salaries or wages of firefighters and revenues available

15 from other sources, will equal a sum sufficient to meet the

16 annual actuarial requirements of the pension fund, as

17 determined by an enrolled actuary employed by the Illinois

18 Department of Insurance or by an enrolled actuary retained by

19 the pension fund or municipality. For the purposes of this

20 Section, the annual actuarial requirements of the pension fund

21 are equal to (1) the normal cost of the pension fund, or 17.5%

22 of the salaries and wages to be paid to firefighters for the

23 year involved, whichever is greater, plus (2) an annual amount

24 sufficient to bring the total assets of the pension fund up to

25 90% of the total actuarial liabilities of the pension fund by

1 the end of municipal fiscal year 2040, as annually updated and
2 determined by an enrolled actuary employed by the Illinois
3 Department of Insurance or by an enrolled actuary retained by
4 the pension fund or the municipality. In making these
5 determinations, the required minimum employer contribution
6 shall be calculated each year as a level percentage of payroll
7 over the years remaining up to and including fiscal year 2040
8 and shall be determined under the projected unit credit
9 actuarial cost method. The amount to be applied towards the
10 amortization of the unfunded accrued liability in any year
11 shall not be less than the annual amount required to amortize
12 the unfunded accrued liability, including interest, as a level
13 percentage of payroll over the number of years remaining in the
14 40 year amortization period.

15 (a-5) For purposes of determining the required employer
16 contribution to a pension fund, the value of the pension fund's
17 assets shall be equal to the actuarial value of the pension
18 fund's assets, which shall be calculated as follows:

19 (1) On March 30, 2011, the actuarial value of a pension
20 fund's assets shall be equal to the market value of the
21 assets as of that date.

22 (2) In determining the actuarial value of the pension
23 fund's assets for fiscal years after March 30, 2011, any
24 actuarial gains or losses from investment return incurred
25 in a fiscal year shall be recognized in equal annual
26 amounts over the 5-year period following that fiscal year.

1 (b) The tax shall be levied and collected in the same
2 manner as the general taxes of the municipality, and shall be
3 in addition to all other taxes now or hereafter authorized to
4 be levied upon all property within the municipality, and in
5 addition to the amount authorized to be levied for general
6 purposes, under Section 8-3-1 of the Illinois Municipal Code or
7 under Section 14 of the Fire Protection District Act. The tax
8 shall be forwarded directly to the treasurer of the board
9 within 30 business days of receipt by the county (or, in the
10 case of amounts added to the tax levy under subsection (f),
11 used by the municipality to pay the employer contributions
12 required under subsection (b-1) of Section 15-155 of this
13 Code).

14 (b-5) Except as provided in subsection (b-10), if ~~if~~ a
15 participating municipality fails to transmit to the fund
16 contributions required of it under this Article for more than
17 90 days after the payment of those contributions is due, the
18 fund may, after giving notice to the municipality, certify to
19 the State Comptroller the amounts of the delinquent payments in
20 accordance with any applicable rules of the Comptroller, and
21 the Comptroller must, beginning in fiscal year 2016, deduct and
22 remit to the fund the certified amounts or a portion of those
23 amounts from the following proportions of payments of State
24 funds to the municipality:

25 (1) in fiscal year 2016, one-third of the total amount
26 of any payments of State funds to the municipality;

1 (2) in fiscal year 2017, two-thirds of the total amount
2 of any payments of State funds to the municipality; and

3 (3) in fiscal year 2018 and each fiscal year
4 thereafter, the total amount of any payments of State funds
5 to the municipality.

6 The State Comptroller may not deduct from any payments of
7 State funds to the municipality more than the amount of
8 delinquent payments certified to the State Comptroller by the
9 fund.

10 (b-10) As used in this subsection, "distressed
11 municipality" means a participating municipality that: (A) has
12 a population of 30% or more at or below the federal poverty
13 threshold and has a median property value of owner-occupied
14 housing units below \$75,000, as determined by the most recent
15 published estimates of the United States Census Bureau; or (B)
16 is certified by the Department of Revenue as being in the
17 highest 5% of all home rule municipalities in terms of the
18 aggregate of the rate percent of all taxes levied in accordance
19 with statute or ordinance upon all property of the municipality
20 and is certified by the Department of Revenue as being in the
21 lowest 5% of all home rule municipalities in terms of per
22 capita tax yield.

23 If a distressed municipality fails to transmit to the fund
24 contributions required of it under this Article for more than
25 180 days after the payment of those contributions is due, then
26 the fund may, after giving notice to the municipality, certify

1 to the State Comptroller the amount of the delinquent payments
2 in accordance with any applicable rules of the Comptroller, and
3 the Comptroller must, beginning in fiscal year 2020, deduct and
4 remit to the fund the certified amounts from the total amount
5 of any payments of State funds to the municipality.

6 The State Comptroller may not deduct from any payments of
7 State funds to the distressed municipality more than the amount
8 of delinquent payments certified to the State Comptroller by
9 the fund. A distressed municipality is not subject to the
10 provisions of subsection (b-5).

11 (c) The board shall make available to the membership and
12 the general public for inspection and copying at reasonable
13 times the most recent Actuarial Valuation Balance Sheet and Tax
14 Levy Requirement issued to the fund by the Department of
15 Insurance.

16 (d) The firefighters' pension fund shall consist of the
17 following moneys which shall be set apart by the treasurer of
18 the municipality: (1) all moneys derived from the taxes levied
19 hereunder; (2) contributions by firefighters as provided under
20 Section 4-118.1; (3) all rewards in money, fees, gifts, and
21 emoluments that may be paid or given for or on account of
22 extraordinary service by the fire department or any member
23 thereof, except when allowed to be retained by competitive
24 awards; and (4) any money, real estate or personal property
25 received by the board.

26 (e) For the purposes of this Section, "enrolled actuary"

1 means an actuary: (1) who is a member of the Society of
2 Actuaries or the American Academy of Actuaries; and (2) who is
3 enrolled under Subtitle C of Title III of the Employee
4 Retirement Income Security Act of 1974, or who has been engaged
5 in providing actuarial services to one or more public
6 retirement systems for a period of at least 3 years as of July
7 1, 1983.

8 (f) The corporate authorities of a municipality that
9 employs a person who is described in subdivision (d) of Section
10 4-106 may add to the tax levy otherwise provided for in this
11 Section an amount equal to the projected cost of the employer
12 contributions required to be paid by the municipality to the
13 State Universities Retirement System under subsection (b-1) of
14 Section 15-155 of this Code.

15 (g) The Commission on Government Forecasting and
16 Accountability shall conduct a study of all funds established
17 under this Article and shall report its findings to the General
18 Assembly on or before January 1, 2013. To the fullest extent
19 possible, the study shall include, but not be limited to, the
20 following:

21 (1) fund balances;

22 (2) historical employer contribution rates for each
23 fund;

24 (3) the actuarial formulas used as a basis for employer
25 contributions, including the actual assumed rate of return
26 for each year, for each fund;

- 1 (4) available contribution funding sources;
- 2 (5) the impact of any revenue limitations caused by
- 3 PTELL and employer home rule or non-home rule status; and
- 4 (6) existing statutory funding compliance procedures
- 5 and funding enforcement mechanisms for all municipal
- 6 pension funds.

7 (Source: P.A. 99-8, eff. 7-9-15.)

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

9 becoming law."