

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 4-118 as follows:

6 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

7 Sec. 4-118. 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 firefighters and revenues available
13 from other sources, will equal a sum sufficient to meet the
14 annual actuarial requirements of the pension fund, as
15 determined by an enrolled actuary employed by the Illinois
16 Department of Insurance or by an enrolled actuary retained by
17 the pension fund or municipality. For the purposes of this
18 Section, the annual actuarial requirements of the pension fund
19 are equal to (1) the normal cost of the pension fund, or 17.5%
20 of the salaries and wages to be paid to firefighters for the
21 year involved, whichever is greater, plus (2) an annual amount
22 sufficient to bring the total assets of the pension fund up to
23 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-2) A unit of local government that has established a
16 pension fund under this Article and who employs a full-time
17 firefighter, as defined in Section 4-106, shall be deemed a
18 primary employer with respect to that full-time firefighter.
19 Any unit of local government of 5,000 or more inhabitants that
20 employs a firefighter while that firefighter continues to earn
21 service credits as a participant in a primary employer's
22 pension fund under this Article shall be deemed a secondary
23 employer and such employees shall be deemed to be secondary
24 employee firefighters. Primary and secondary employers shall
25 have the following duties to ensure that the primary employer's
26 pension fund under this Article is compensated for additional

1 liabilities and risks to which firefighters are exposed when
2 performing work as firefighters for secondary employers:

3 (1) A secondary employer shall annually prepare a
4 report accounting for all wages and salaries paid to the
5 secondary employee firefighters it employs for each fiscal
6 year in which such firefighters are employed and transmit a
7 certified copy of that report to the primary employer and
8 the secondary employee firefighter no later than 30 days
9 after the end of any fiscal year in which wages were paid
10 to the secondary employee firefighters.

11 (2) The secondary employer, concurrent with the
12 certification of its report, shall contribute an amount
13 equal to 17.5% of the total wages and salaries paid to the
14 secondary employee firefighter to the primary employer's
15 pension fund for deposit to the credit of the pension fund.

16 (3) The secondary employer shall deduct an amount equal
17 to 9.455% of the salaries and wages paid to the secondary
18 employee and, concurrent with the certification of its
19 report, shall pay the deducted amount to the primary
20 employer's pension fund for deposit to the credit of the
21 pension fund. This contribution shall be in addition to the
22 contribution required under paragraph (2) of this
23 subsection.

24 (4) The primary employer and the pension fund of that
25 primary employer shall have standing to enforce the pension
26 funding obligations of the secondary employer and

1 secondary employee firefighters established under this
2 subsection in accordance with the provisions of subsection
3 (b-10) of this Section.

4 The contributions required under paragraphs (2) and (3) of
5 this subsection apply beginning on the first day of the primary
6 employer's pension fund's first fiscal year beginning on or
7 after the effective date of this amendatory Act of the 101st
8 General Assembly.

9 The contributions required under paragraphs (2) and (3) of
10 this subsection are for the purposes of compensating the
11 primary employer's pension fund for additional liabilities and
12 risks to which firefighters are exposed when performing work as
13 firefighters for secondary employers.

14 Nothing in this Section shall be construed to allow a
15 secondary employee to qualify for benefits or creditable
16 service for employment as firefighters for secondary
17 employers.

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

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

25 (2) In determining the actuarial value of the pension
26 fund's assets for fiscal years after March 30, 2011, any

1 actuarial gains or losses from investment return incurred
2 in a fiscal year shall be recognized in equal annual
3 amounts over the 5-year period following that fiscal year.

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

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

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

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

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

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

12 (b-10) If a unit of local government fails to transmit to
13 the fund contributions required of it under subsection (a-2) of
14 this Section for more than 90 days after the payment of those
15 contributions is due, the fund may, after giving notice to the
16 unit of local government, certify to the State Comptroller the
17 amounts of the delinquent payments in accordance with any
18 applicable rules of the Comptroller, and the Comptroller must,
19 beginning in fiscal year 2020, deduct and remit to the fund the
20 certified amounts or a portion of those amounts from payments
21 of State funds to the unit of local government. The State
22 Comptroller may not deduct from any payments of State funds to
23 the unit of local government more than the amount of delinquent
24 payments certified to the State Comptroller by the fund.

25 (c) The board shall make available to the membership and
26 the general public for inspection and copying at reasonable

1 times the most recent Actuarial Valuation Balance Sheet and Tax
2 Levy Requirement issued to the fund by the Department of
3 Insurance.

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

14 (e) For the purposes of this Section, "enrolled actuary"
15 means an actuary: (1) who is a member of the Society of
16 Actuaries or the American Academy of Actuaries; and (2) who is
17 enrolled under Subtitle C of Title III of the Employee
18 Retirement Income Security Act of 1974, or who has been engaged
19 in providing actuarial services to one or more public
20 retirement systems for a period of at least 3 years as of July
21 1, 1983.

22 (f) The corporate authorities of a municipality that
23 employs a person who is described in subdivision (d) of Section
24 4-106 may add to the tax levy otherwise provided for in this
25 Section an amount equal to the projected cost of the employer
26 contributions required to be paid by the municipality to the

1 State Universities Retirement System under subsection (b-1) of
2 Section 15-155 of this Code.

3 (g) The Commission on Government Forecasting and
4 Accountability shall conduct a study of all funds established
5 under this Article and shall report its findings to the General
6 Assembly on or before January 1, 2013. To the fullest extent
7 possible, the study shall include, but not be limited to, the
8 following:

9 (1) fund balances;

10 (2) historical employer contribution rates for each
11 fund;

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

15 (4) available contribution funding sources;

16 (5) the impact of any revenue limitations caused by
17 PTELL and employer home rule or non-home rule status; and

18 (6) existing statutory funding compliance procedures
19 and funding enforcement mechanisms for all municipal
20 pension funds.

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

22 Section 90. The State Mandates Act is amended by adding
23 Section 8.43 as follows:

24 (30 ILCS 805/8.43 new)

1 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
2 of this Act, no reimbursement by the State is required for the
3 implementation of any mandate created by this amendatory Act of
4 the 101st General Assembly.

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.