



Sen. Napoleon Harris, III

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LRB100 05078 MJP 39882 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 of a portion of those
24 amounts from the following proportions of payments of State
25 funds to the municipality:

26 (1) in fiscal year 2020, one-fourth of the total amount

1 of any payment of State funds to the municipality;

2 (2) in fiscal year 2021, one-half of the total amount
3 of any payments of State funds to the municipality;

4 (3) in fiscal year 2022, three-fourths of the total
5 amount of any payments of State funds to the municipality;
6 and

7 (4) in fiscal year 2023 and each year thereafter, the
8 total amount of any payments of State funds to the
9 municipality.

10 The State Comptroller may not deduct from any payments of
11 State funds to the distressed municipality more than the amount
12 of delinquent payments certified to the State Comptroller by
13 the fund. A distressed municipality is not subject to the
14 provisions of subsection (c).

15 (d) The police pension fund shall consist of the following
16 moneys which shall be set apart by the treasurer of the
17 municipality:

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

19 (2) Contributions by police officers under Section
20 3-125.1;

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

24 (4) Donations, gifts or other transfers authorized by
25 this Article.

26 (e) The Commission on Government Forecasting and

1 Accountability shall conduct a study of all funds established
2 under this Article and shall report its findings to the General
3 Assembly on or before January 1, 2013. To the fullest extent
4 possible, the study shall include, but not be limited to, the
5 following:

6 (1) fund balances;

7 (2) historical employer contribution rates for each
8 fund;

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

12 (4) available contribution funding sources;

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

15 (6) existing statutory funding compliance procedures
16 and funding enforcement mechanisms for all municipal
17 pension funds.

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

19 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

20 Sec. 4-118. Financing.

21 (a) The city council or the board of trustees of the
22 municipality shall annually levy a tax upon all the taxable
23 property of the municipality at the rate on the dollar which
24 will produce an amount which, when added to the deductions from
25 the salaries or wages of firefighters and revenues available

1 from other sources, will equal a sum sufficient to meet the
2 annual actuarial requirements of the pension fund, as
3 determined by an enrolled actuary employed by the Illinois
4 Department of Insurance or by an enrolled actuary retained by
5 the pension fund or municipality. For the purposes of this
6 Section, the annual actuarial requirements of the pension fund
7 are equal to (1) the normal cost of the pension fund, or 17.5%
8 of the salaries and wages to be paid to firefighters for the
9 year involved, whichever is greater, plus (2) an annual amount
10 sufficient to bring the total assets of the pension fund up to
11 90% of the total actuarial liabilities of the pension fund by
12 the end of municipal fiscal year 2040, as annually updated and
13 determined by an enrolled actuary employed by the Illinois
14 Department of Insurance or by an enrolled actuary retained by
15 the pension fund or the municipality. In making these
16 determinations, the required minimum employer contribution
17 shall be calculated each year as a level percentage of payroll
18 over the years remaining up to and including fiscal year 2040
19 and shall be determined under the projected unit credit
20 actuarial cost method. The amount to be applied towards the
21 amortization of the unfunded accrued liability in any year
22 shall not be less than the annual amount required to amortize
23 the unfunded accrued liability, including interest, as a level
24 percentage of payroll over the number of years remaining in the
25 40 year amortization period.

26 (a-5) For purposes of determining the required employer

1 contribution to a pension fund, the value of the pension fund's
2 assets shall be equal to the actuarial value of the pension
3 fund's assets, which shall be calculated as follows:

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

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

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

25 (b-5) Except as provided in subsection (b-10), if ~~if~~ a
26 participating municipality fails to transmit to the fund

1 contributions required of it under this Article for more than
2 90 days after the payment of those contributions is due, the
3 fund may, after giving notice to the municipality, certify to
4 the State Comptroller the amounts of the delinquent payments in
5 accordance with any applicable rules of the Comptroller, and
6 the Comptroller must, beginning in fiscal year 2016, deduct and
7 remit to the fund the certified amounts or a portion of those
8 amounts from the following proportions of payments of State
9 funds to the municipality:

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

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

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

17 The State Comptroller may not deduct from any payments of
18 State funds to the municipality more than the amount of
19 delinquent payments certified to the State Comptroller by the
20 fund.

21 (b-10) As used in this subsection, "distressed
22 municipality" means a participating municipality that: (A) has
23 a population of 30% or more at or below the federal poverty
24 threshold and has a median property value of owner-occupied
25 housing units below \$75,000, as determined by the most recent
26 published estimates of the United States Census Bureau; or (B)

1 is certified by the Department of Revenue as being in the
2 highest 5% of all home rule municipalities in terms of the
3 aggregate of the rate percent of all taxes levied in accordance
4 with statute or ordinance upon all property of the municipality
5 and is certified by the Department of Revenue as being in the
6 lowest 5% of all home rule municipalities in terms of per
7 capita tax yield.

8 If a distressed municipality fails to transmit to the fund
9 contributions required of it under this Article for more than
10 180 days after the payment of those contributions is due, then
11 the fund may, after giving notice to the municipality, certify
12 to the State Comptroller the amount of the delinquent payments
13 in accordance with any applicable rules of the Comptroller, and
14 the Comptroller must, beginning in fiscal year 2020, deduct and
15 remit to the fund the certified amounts of a portion of those
16 amounts from the following proportions of payments of State
17 funds to the municipality:

18 (1) in fiscal year 2020, one-fourth of the total amount
19 of any payment of State funds to the municipality;

20 (2) in fiscal year 2021, one-half of the total amount
21 of any payments of State funds to the municipality;

22 (3) in fiscal year 2022, three-fourths of the total
23 amount of any payments of State funds to the municipality;

24 (4) in fiscal year 2023 and each year thereafter, the
25 total amount of any payments of State funds to the
26 municipality.

1 The State Comptroller may not deduct from any payments of
2 State funds to the distressed municipality more than the amount
3 of delinquent payments certified to the State Comptroller by
4 the fund. A distressed municipality is not subject to the
5 provisions of subsection (b-5).

6 (c) The board shall make available to the membership and
7 the general public for inspection and copying at reasonable
8 times the most recent Actuarial Valuation Balance Sheet and Tax
9 Levy Requirement issued to the fund by the Department of
10 Insurance.

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

21 (e) For the purposes of this Section, "enrolled actuary"
22 means an actuary: (1) who is a member of the Society of
23 Actuaries or the American Academy of Actuaries; and (2) who is
24 enrolled under Subtitle C of Title III of the Employee
25 Retirement Income Security Act of 1974, or who has been engaged
26 in providing actuarial services to one or more public

1 retirement systems for a period of at least 3 years as of July
2 1, 1983.

3 (f) The corporate authorities of a municipality that
4 employs a person who is described in subdivision (d) of Section
5 4-106 may add to the tax levy otherwise provided for in this
6 Section an amount equal to the projected cost of the employer
7 contributions required to be paid by the municipality to the
8 State Universities Retirement System under subsection (b-1) of
9 Section 15-155 of this Code.

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

16 (1) fund balances;

17 (2) historical employer contribution rates for each
18 fund;

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

22 (4) available contribution funding sources;

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

25 (6) existing statutory funding compliance procedures
26 and funding enforcement mechanisms for all municipal

1 pension funds.

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

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.".