

# SB3624



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3624

Introduced 1/19/2022, by Sen. Donald P. DeWitte

### SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-125	from Ch. 108 1/2, par. 3-125
40 ILCS 5/4-118	from Ch. 108 1/2, par. 4-118
30 ILCS 805/8.46 new	

Amends the Illinois Pension Code. In the Downstate Police and Downstate Firefighter Articles, provides that the annual employer contribution shall include an amount sufficient to bring the total assets of the pension fund up to 80% (instead of 90%) of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2040. Amends the State Mandates Act to require implementation without reimbursement.

LRB102 21440 RPS 30557 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

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  
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  
12 from 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  
17 involved, plus (2) an amount sufficient to bring the total  
18 assets of the pension fund up to 80% ~~90%~~ of the total actuarial  
19 liabilities of the pension fund by the end of municipal fiscal  
20 year 2040, as annually updated and determined by an enrolled  
21 actuary employed by the Illinois Department of Insurance or by  
22 an enrolled actuary retained by the pension fund or the  
23 municipality. In making these determinations, the required

1 minimum employer contribution shall be calculated each year as  
2 a level percentage of payroll over the years remaining up to  
3 and including fiscal year 2040 and shall be determined under  
4 the projected unit credit actuarial cost method. The tax shall  
5 be levied and collected in the same manner as the general taxes  
6 of the municipality, and in addition to all other taxes now or  
7 hereafter authorized to be levied upon all property within the  
8 municipality, and shall be in addition to the amount  
9 authorized to be levied for general purposes as provided by  
10 Section 8-3-1 of the Illinois Municipal Code, approved May 29,  
11 1961, as amended. The tax shall be forwarded directly to the  
12 treasurer of the board within 30 business days after receipt  
13 by the county.

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

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

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

26 (c) If a participating municipality fails to transmit to

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

14 and

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

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

22 (d) The police pension fund shall consist of the following  
23 moneys which shall be set apart by the treasurer of the  
24 municipality:

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

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

3           (2.5) All moneys received from the Police Officers'  
4           Pension Investment Fund as provided in Article 22B of this  
5           Code;

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

9           (4) Donations, gifts or other transfers authorized by  
10          this Article.

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

17                 (1) fund balances;

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

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

23                 (4) available contribution funding sources;

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

26                 (6) existing statutory funding compliance procedures

1 and funding enforcement mechanisms for all municipal  
2 pension funds.

3 (Source: P.A. 101-610, eff. 1-1-20.)

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

5 Sec. 4-118. Financing.

6 (a) The city council or the board of trustees of the  
7 municipality shall annually levy a tax upon all the taxable  
8 property of the municipality at the rate on the dollar which  
9 will produce an amount which, when added to the deductions  
10 from the salaries or wages of firefighters and revenues  
11 available from other sources, will equal a sum sufficient to  
12 meet the annual actuarial requirements of the pension fund, as  
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 municipality. For the purposes of this  
16 Section, the annual actuarial requirements of the pension fund  
17 are equal to (1) the normal cost of the pension fund, or 17.5%  
18 of the salaries and wages to be paid to firefighters for the  
19 year involved, whichever is greater, plus (2) an annual amount  
20 sufficient to bring the total assets of the pension fund up to  
21 80% ~~90%~~ of the total actuarial liabilities of the pension fund  
22 by the end of municipal fiscal year 2040, as annually updated  
23 and determined by an enrolled actuary employed by the Illinois  
24 Department of Insurance or by an enrolled actuary retained by  
25 the pension fund or the municipality. In making these

1 determinations, the required minimum employer contribution  
2 shall be calculated each year as a level percentage of payroll  
3 over the years remaining up to and including fiscal year 2040  
4 and shall be determined under the projected unit credit  
5 actuarial cost method. The amount to be applied towards the  
6 amortization of the unfunded accrued liability in any year  
7 shall not be less than the annual amount required to amortize  
8 the unfunded accrued liability, including interest, as a level  
9 percentage of payroll over the number of years remaining in  
10 the 40-year amortization period.

11 (a-2) A municipality that has established a pension fund  
12 under this Article and that employs a full-time firefighter,  
13 as defined in Section 4-106, shall be deemed a primary  
14 employer with respect to that full-time firefighter. Any  
15 municipality of 5,000 or more inhabitants that employs or  
16 enrolls a firefighter while that firefighter continues to earn  
17 service credit as a participant in a primary employer's  
18 pension fund under this Article shall be deemed a secondary  
19 employer and such employees shall be deemed to be secondary  
20 employee firefighters. To ensure that the primary employer's  
21 pension fund under this Article is aware of additional  
22 liabilities and risks to which firefighters are exposed when  
23 performing work as firefighters for secondary employers, a  
24 secondary employer shall annually prepare a report accounting  
25 for all hours worked by and wages and salaries paid to the  
26 secondary employee firefighters it receives services from or

1 employs for each fiscal year in which such firefighters are  
2 employed and transmit a certified copy of that report to the  
3 primary employer's pension fund, the Department of Insurance,  
4 and the secondary employee firefighter no later than 30 days  
5 after the end of any fiscal year in which wages were paid to  
6 the secondary employee firefighters.

7 Nothing in this Section shall be construed to allow a  
8 secondary employee to qualify for benefits or creditable  
9 service for employment as a firefighter for a secondary  
10 employer.

11 (a-5) For purposes of determining the required employer  
12 contribution to a pension fund, the value of the pension  
13 fund's assets shall be equal to the actuarial value of the  
14 pension fund's assets, which shall be calculated as follows:

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

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

23 (b) The tax shall be levied and collected in the same  
24 manner as the general taxes of the municipality, and shall be  
25 in addition to all other taxes now or hereafter authorized to  
26 be levied upon all property within the municipality, and in



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

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

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

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

25 (3) in fiscal year 2018 and each fiscal year  
26 thereafter, the total amount of any payments of State

1 funds to the municipality.

2 The State Comptroller may not deduct from any payments of  
3 State funds to the municipality more than the amount of  
4 delinquent payments certified to the State Comptroller by the  
5 fund.

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  
9 Tax 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; (2.5) all moneys received from the  
16 Firefighters' Pension Investment Fund as provided in Article  
17 22C of this Code; (3) all rewards in money, fees, gifts, and  
18 emoluments that may be paid or given for or on account of  
19 extraordinary service by the fire department or any member  
20 thereof, except when allowed to be retained by competitive  
21 awards; and (4) any money, real estate or personal property  
22 received by the board.

23 (e) For the purposes of this Section, "enrolled actuary"  
24 means an actuary: (1) who is a member of the Society of  
25 Actuaries or the American Academy of Actuaries; and (2) who is  
26 enrolled under Subtitle C of Title III of the Employee

1 Retirement Income Security Act of 1974, or who has been  
2 engaged in providing actuarial services to one or more public  
3 retirement systems for a period of at least 3 years as of July  
4 1, 1983.

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

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

18 (1) fund balances;

19 (2) historical employer contribution rates for each  
20 fund;

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

24 (4) available contribution funding sources;

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

1           (6) existing statutory funding compliance procedures  
2           and funding enforcement mechanisms for all municipal  
3           pension funds.

4           (Source: P.A. 101-522, eff. 8-23-19; 101-610, eff. 1-1-20;  
5           102-59, eff. 7-9-21; 102-558, eff. 8-20-21.)

6           Section 90. The State Mandates Act is amended by adding  
7           Section 8.46 as follows:

8           (30 ILCS 805/8.46 new)

9           Sec. 8.46. Exempt mandate. Notwithstanding Sections 6 and  
10          8 of this Act, no reimbursement by the State is required for  
11          the implementation of any mandate created by this amendatory  
12          Act of the 102nd General Assembly.