HB5798

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103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5798

Introduced 4/2/2024, by Rep. Blaine Wilhour

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-163 new
40 ILCS 5/14-152.1
40 ILCS 5/15-198
40 ILCS 5/16-203
30 ILCS 805/8.48 new

Amends the General Provisions Article of the Illinois Pension Code. Defines "eligible Tier 2 member" as a member who first became a member under a retirement system or pension fund established under the Code on or after January 1, 2011 and whose service under the applicable Article is not eligible for Social Security coverage. Defines "hypothetical Social Security benefit" as the value of the Social Security benefit an eligible Tier 2 member would receive if the eligible Tier 2 member's service had been eligible for Social Security coverage. Provides that if an eligible Tier 2 member would receive a pension benefit that is less than the eligible Tier 2 member's hypothetical Social Security benefit, then the eligible Tier 2 member's pension benefit shall be increased to the amount of the hypothetical Social Security benefit plus $1. Provides that the determination shall be made on an annual basis, and the amount of the pension benefit shall be adjusted annually. In the State Employees, State Universities, and Downstate Teachers Articles, provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". Amends the State Mandates Act to require implementation without reimbursement by the State.

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STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Pension Code is amended by adding Section 1-163 and by changing Sections 14-152.1, 15-198, and 16-203 as follows:

(40 ILCS 5/1-163 new)

Sec. 1-163. Minimum pension benefit for noncovered employees.

(a) In this Section:

"Eligible Tier 2 member" means a member who first became a member or participant of a retirement system or pension fund established under this Code on or after January 1, 2011 and whose service under the applicable Article is not eligible for Social Security coverage.

"Hypothetical Social Security benefit" means the value of the Social Security benefit an eligible Tier 2 member would receive if the eligible Tier 2 member's service had been eligible for Social Security coverage.

(b) If an eligible Tier 2 member would receive a pension benefit that is less than the eligible Tier 2 member's hypothetical Social Security benefit, then the eligible Tier 2 member's pension benefit shall be increased to the amount of the hypothetical Social Security benefit plus $1. This determination shall be made on an annual basis, and the amount of the pension benefit shall be adjusted annually.

(40 ILCS 5/14-152.1)

Sec. 14-152.1. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 96-37, Public Act 100-23, Public Act 100-587, Public Act 100-611, Public Act 101-10, Public Act 101-610, Public Act 102-210, Public Act 102-856, Public Act 102-956, or this amendatory Act of the 103rd General Assembly ~~this amendatory Act of the 102nd General Assembly~~.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating

the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.
(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff. 1-1-23; 102-956, eff. 5-27-22.)

(40 ILCS 5/15-198)

Sec. 15-198. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 100-23, Public Act 100-587, Public Act 100-769, Public Act 101-10, Public Act 101-610, Public Act 102-16, Public Act

103-80, Public Act 103-548, or this amendatory Act of the 103rd General Assembly ~~or this amendatory Act of the 103rd General Assembly~~.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 102-16, eff. 6-17-21; 103-80, eff. 6-9-23; 103-548, eff. 8-11-23; revised 8-31-23.)

(40 ILCS 5/16-203)

Sec. 16-203. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this

Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 95-910, Public Act 100-23, Public Act 100-587, Public Act 100-743, Public Act 100-769, Public Act 101-10, Public Act 101-49, Public Act 102-16, ~~or~~ Public Act 102-871, or this amendatory Act of the 103rd General Assembly.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;

102-813, eff. 5-13-22; 102-871, eff. 5-13-22; 103-154, eff. 6-30-23.)

Section 90. The State Mandates Act is amended by adding Section 8.48 as follows:

(30 ILCS 805/8.48 new)

Sec. 8.48. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 103rd General Assembly.