



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2899

Introduced 1/26/2024, by Sen. Michael W. Halpin

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 805/8.48 new	

Amends the Downstate Police and Downstate Firefighter Articles of the Illinois Pension Code. Provides that, if a pension fund's total assets are at least 60% of the total actuarial liabilities of the pension fund, the city council or board of trustees of that municipality may elect an annual employer contribution that includes an amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2050 or an earlier fiscal year, but no earlier than municipal fiscal year 2040. Provides that the election is irrevocable and must be made by ordinance or resolution no later than January 1, 2027. Makes conforming changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB103 37260 RPS 67380 b

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 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 (a-5) Notwithstanding subsection (a), if the police
15 pension fund's total assets are at least 60% of the total
16 actuarial liabilities of the police pension fund, then the
17 city council or board of trustees of that municipality may
18 elect to annually levy a tax upon all taxable property of the
19 municipality in accordance with this subsection. That election
20 is irrevocable and must be made by ordinance or resolution no
21 later than January 1, 2027. If the city council or board of
22 trustees of a municipality makes that election, then the city
23 council or the board of trustees of the municipality shall
24 annually levy a tax upon all the taxable property of the
25 municipality at the rate on the dollar that will produce an
26 amount that, when added to the deductions from the salaries or

1 wages of police officers, and revenues available from other
2 sources, will equal a sum sufficient to meet the annual
3 requirements of the police pension fund. The annual
4 requirements to be provided by such tax levy are equal to (1)
5 the normal cost of the pension fund for the year involved, plus
6 (2) an amount sufficient to bring the total assets of the
7 pension fund up to 90% of the total actuarial liabilities of
8 the pension fund by the end of municipal fiscal year 2050 or an
9 earlier municipal fiscal year elected by the city council or
10 board of trustees of the municipality, but no earlier than
11 municipal fiscal year 2040, as annually updated and determined
12 by an enrolled actuary employed by the Illinois Department of
13 Insurance or by an enrolled actuary retained by the pension
14 fund or the municipality. In making these determinations, the
15 required minimum employer contribution shall be calculated
16 each year as a level percentage of payroll over the years
17 remaining up to and including fiscal year 2050 or the earlier
18 fiscal year and shall be determined under the projected unit
19 credit actuarial cost method. The tax shall be levied and
20 collected in the same manner as the general taxes of the
21 municipality, and in addition to all other taxes now or
22 hereafter authorized to be levied upon all property within the
23 municipality, and shall be in addition to the amount
24 authorized to be levied for general purposes as provided by
25 Section 8-3-1 of the Illinois Municipal Code. The tax shall be
26 forwarded directly to the treasurer of the board within 30

1 business days after receipt by the county.

2 (b) For purposes of determining the required employer
3 contribution to a pension fund, the value of the pension
4 fund's assets shall be equal to the actuarial value of the
5 pension fund's assets, which shall be calculated as follows:

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

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

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

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

26 (2) in fiscal year 2017, two-thirds of the total

1 amount of any payments of State funds to the municipality;
2 and

3 (3) in fiscal year 2018 and each fiscal year
4 thereafter, the total amount of any payments of State
5 funds 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 (d) The police pension fund shall consist of the following
11 moneys which shall be set apart by the treasurer of the
12 municipality:

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

15 (2) Contributions by police officers under Section
16 3-125.1;

17 (2.5) All moneys received from the Police Officers'
18 Pension Investment Fund as provided in Article 22B of this
19 Code;

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

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

25 (e) The Commission on Government Forecasting and
26 Accountability shall conduct a study of all funds established

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

5 (1) fund balances;

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

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

11 (4) available contribution funding sources;

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

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

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

18 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

19 Sec. 4-118. Financing.

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

1 meet the annual actuarial requirements of the pension fund, as
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 municipality. For the purposes of this
5 Section, except for a pension fund to which subsection (a-1)
6 applies, 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
25 the 40-year amortization period.

26 (a-1) Notwithstanding subsection (a), if the pension

1 fund's total assets are at least 60% of the total actuarial
2 liabilities of the pension fund, then the city council or
3 board of trustees of that municipality may elect to annually
4 levy a tax upon all taxable property of the municipality in
5 accordance with this subsection. That election is irrevocable
6 and must be made by ordinance or resolution no later than
7 January 1, 2027. If the city council or board of trustees of a
8 municipality makes that election, then the city council or the
9 board of trustees of the municipality shall annually levy a
10 tax upon all the taxable property of the municipality at the
11 rate on the dollar that will produce an amount that, when added
12 to the deductions from the salaries or wages of firefighters
13 and revenues available from other sources, will equal a sum
14 sufficient to meet the annual actuarial requirements of the
15 pension fund, as determined by an enrolled actuary employed by
16 the Illinois Department of Insurance or by an enrolled actuary
17 retained by the pension fund or municipality. For the purposes
18 of this Section the annual actuarial requirements of the
19 pension fund are equal to (1) the normal cost of the pension
20 fund, or 17.5% of the salaries and wages to be paid to
21 firefighters for the year involved, whichever is greater, plus
22 (2) an annual amount sufficient to bring the total assets of
23 the pension fund up to 90% of the total actuarial liabilities
24 of the pension fund by the end of municipal fiscal year 2050 or
25 an earlier municipal fiscal year elected by the city council
26 or board of trustees of the municipality, but no earlier than

1 municipal fiscal year 2040, as annually updated and determined
2 by an enrolled actuary employed by the Illinois Department of
3 Insurance or by an enrolled actuary retained by the pension
4 fund or the municipality. In making these determinations, the
5 required minimum employer contribution shall be calculated
6 each year as a level percentage of payroll over the years
7 remaining up to and including fiscal year 2050 or the earlier
8 fiscal year and shall be determined under the projected unit
9 credit actuarial cost method. The amount to be applied towards
10 the 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
14 the 40-year amortization period.

15 (a-2) A municipality that has established a pension fund
16 under this Article and that employs a full-time firefighter,
17 as defined in Section 4-106, shall be deemed a primary
18 employer with respect to that full-time firefighter. Any
19 municipality of 5,000 or more inhabitants that employs or
20 enrolls a firefighter while that firefighter continues to earn
21 service credit 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. To ensure that the primary employer's
25 pension fund under this Article is aware of additional
26 liabilities and risks to which firefighters are exposed when

1 performing work as firefighters for secondary employers, a
2 secondary employer shall annually prepare a report accounting
3 for all hours worked by and wages and salaries paid to the
4 secondary employee firefighters it receives services from or
5 employs for each fiscal year in which such firefighters are
6 employed and transmit a certified copy of that report to the
7 primary employer's pension fund, the Department of Insurance,
8 and the secondary employee firefighter no later than 30 days
9 after the end of any fiscal year in which wages were paid to
10 the secondary employee firefighters.

11 Nothing in this Section shall be construed to allow a
12 secondary employee to qualify for benefits or creditable
13 service for employment as a firefighter for a secondary
14 employer.

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

19 (1) On March 30, 2011, the actuarial value of a
20 pension fund's assets shall be equal to the market value
21 of the 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
7 or under Section 14 of the Fire Protection District Act. The
8 tax 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) If a participating municipality fails to transmit to
15 the fund contributions required of it under this Article for
16 more than 90 days after the payment of those contributions is
17 due, the fund may, after giving notice to the municipality,
18 certify to the State Comptroller the amounts of the delinquent
19 payments in accordance with any applicable rules of the
20 Comptroller, and the Comptroller must, beginning in fiscal
21 year 2016, deduct and remit to the fund the certified amounts
22 or a portion of those amounts from the following proportions
23 of payments of State funds to the municipality:

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

26 (2) in fiscal year 2017, two-thirds of the total

1 amount of any payments of State funds to the municipality;
2 and

3 (3) in fiscal year 2018 and each fiscal year
4 thereafter, the total amount of any payments of State
5 funds 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 (c) The board shall make available to the membership and
11 the general public for inspection and copying at reasonable
12 times the most recent Actuarial Valuation Balance Sheet and
13 Tax Levy Requirement issued to the fund by the Department of
14 Insurance.

15 (d) The firefighters' pension fund shall consist of the
16 following moneys which shall be set apart by the treasurer of
17 the municipality: (1) all moneys derived from the taxes levied
18 hereunder; (2) contributions by firefighters as provided under
19 Section 4-118.1; (2.5) all moneys received from the
20 Firefighters' Pension Investment Fund as provided in Article
21 22C of this Code; (3) all rewards in money, fees, gifts, and
22 emoluments that may be paid or given for or on account of
23 extraordinary service by the fire department or any member
24 thereof, except when allowed to be retained by competitive
25 awards; and (4) any money, real estate or personal property
26 received by the board.

1 (e) For the purposes of this Section, "enrolled actuary"
2 means an actuary: (1) who is a member of the Society of
3 Actuaries or the American Academy of Actuaries; and (2) who is
4 enrolled under Subtitle C of Title III of the Employee
5 Retirement Income Security Act of 1974, or who has been
6 engaged in providing actuarial services to one or more public
7 retirement systems for a period of at least 3 years as of July
8 1, 1983.

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

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

22 (1) fund balances;

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

25 (3) the actuarial formulas used as a basis for
26 employer contributions, including the actual assumed rate

1 of return for each year, for each fund;
2 (4) available contribution funding sources;
3 (5) the impact of any revenue limitations caused by
4 PTELL and employer home rule or non-home rule status; and
5 (6) existing statutory funding compliance procedures
6 and funding enforcement mechanisms for all municipal
7 pension funds.
8 (Source: P.A. 101-522, eff. 8-23-19; 101-610, eff. 1-1-20;
9 102-59, eff. 7-9-21; 102-558, eff. 8-20-21.)

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

12 (30 ILCS 805/8.48 new)

13 Sec. 8.48. Exempt mandate. Notwithstanding Sections 6 and
14 8 of this Act, no reimbursement by the State is required for
15 the implementation of any mandate created by this amendatory
16 Act of the 103rd General Assembly.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.