



**94TH GENERAL ASSEMBLY**  
**State of Illinois**  
**2005 and 2006**  
**SB2590**

Introduced 1/20/2006, by Sen. James F. Clayborne, Jr.

**SYNOPSIS AS INTRODUCED:**

40 ILCS 5/7-172

from Ch. 108 1/2, par. 7-172

Amends the Illinois Municipal Retirement Fund Article of the Illinois Pension Code. Provides that specified unfunded liabilities of participating municipalities shall be spread over the remainder of the period that is allowable under generally accepted accounting principles, except that the employer may provide for a longer period by adopting a resolution or ordinance specifying a 40-year period and submitting a certified copy of the ordinance or resolution to the fund. Effective immediately.

LRB094 17707 AMC 53006 b

PENSION IMPACT  
NOTE ACT MAY  
APPLY

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 7-172 as follows:

6 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

7 (Text of Section before amendment by P.A. 94-712)

8 Sec. 7-172. Contributions by participating municipalities  
9 and participating instrumentalities.

10 (a) Each participating municipality and each participating  
11 instrumentality shall make payment to the fund as follows:

12 1. municipality contributions in an amount determined  
13 by applying the municipality contribution rate to each  
14 payment of earnings paid to each of its participating  
15 employees;

16 2. an amount equal to the employee contributions  
17 provided by paragraphs (a) and (b) of Section 7-173,  
18 whether or not the employee contributions are withheld as  
19 permitted by that Section;

20 3. all accounts receivable, together with interest  
21 charged thereon, as provided in Section 7-209;

22 4. if it has no participating employees with current  
23 earnings, an amount payable which, over a period of 20  
24 years beginning with the year following an award of  
25 benefit, will amortize, at the effective rate for that  
26 year, any negative balance in its municipality reserve  
27 resulting from the award. This amount when established will  
28 be payable as a separate contribution whether or not it  
29 later has participating employees.

30 (b) A separate municipality contribution rate shall be  
31 determined for each calendar year for all participating  
32 municipalities together with all instrumentalities thereof.

1 The municipality contribution rate shall be determined for  
2 participating instrumentalities as if they were participating  
3 municipalities. The municipality contribution rate shall be  
4 the sum of the following percentages:

5 1. The percentage of earnings of all the participating  
6 employees of all participating municipalities and  
7 participating instrumentalities which, if paid over the  
8 entire period of their service, will be sufficient when  
9 combined with all employee contributions available for the  
10 payment of benefits, to provide all annuities for  
11 participating employees, and the \$3,000 death benefit  
12 payable under Sections 7-158 and 7-164, such percentage to  
13 be known as the normal cost rate.

14 2. The percentage of earnings of the participating  
15 employees of each participating municipality and  
16 participating instrumentalities necessary to adjust for  
17 the difference between the present value of all benefits,  
18 excluding temporary and total and permanent disability and  
19 death benefits, to be provided for its participating  
20 employees and the sum of its accumulated municipality  
21 contributions and the accumulated employee contributions  
22 and the present value of expected future employee and  
23 municipality contributions pursuant to subparagraph 1 of  
24 this paragraph (b). This adjustment shall be spread over  
25 the remainder of the period that is allowable under  
26 generally accepted accounting principles.

27 3. The percentage of earnings of the participating  
28 employees of all municipalities and participating  
29 instrumentalities necessary to provide the present value  
30 of all temporary and total and permanent disability  
31 benefits granted during the most recent year for which  
32 information is available.

33 4. The percentage of earnings of the participating  
34 employees of all participating municipalities and  
35 participating instrumentalities necessary to provide the  
36 present value of the net single sum death benefits expected

1 to become payable from the reserve established under  
2 Section 7-206 during the year for which this rate is fixed.

3 5. The percentage of earnings necessary to meet any  
4 deficiency arising in the Terminated Municipality Reserve.

5 (c) A separate municipality contribution rate shall be  
6 computed for each participating municipality or participating  
7 instrumentality for its sheriff's law enforcement employees.

8 A separate municipality contribution rate shall be  
9 computed for the sheriff's law enforcement employees of each  
10 forest preserve district that elects to have such employees.  
11 For the period from January 1, 1986 to December 31, 1986, such  
12 rate shall be the forest preserve district's regular rate plus  
13 2%.

14 In the event that the Board determines that there is an  
15 actuarial deficiency in the account of any municipality with  
16 respect to a person who has elected to participate in the Fund  
17 under Section 3-109.1 of this Code, the Board may adjust the  
18 municipality's contribution rate so as to make up that  
19 deficiency over such reasonable period of time as the Board may  
20 determine.

21 (d) The Board may establish a separate municipality  
22 contribution rate for all employees who are program  
23 participants employed under the federal Comprehensive  
24 Employment Training Act by all of the participating  
25 municipalities and instrumentalities. The Board may also  
26 provide that, in lieu of a separate municipality rate for these  
27 employees, a portion of the municipality contributions for such  
28 program participants shall be refunded or an extra charge  
29 assessed so that the amount of municipality contributions  
30 retained or received by the fund for all CETA program  
31 participants shall be an amount equal to that which would be  
32 provided by the separate municipality contribution rate for all  
33 such program participants. Refunds shall be made to prime  
34 sponsors of programs upon submission of a claim therefor and  
35 extra charges shall be assessed to participating  
36 municipalities and instrumentalities. In establishing the

1 municipality contribution rate as provided in paragraph (b) of  
2 this Section, the use of a separate municipality contribution  
3 rate for program participants or the refund of a portion of the  
4 municipality contributions, as the case may be, may be  
5 considered.

6 (e) Computations of municipality contribution rates for  
7 the following calendar year shall be made prior to the  
8 beginning of each year, from the information available at the  
9 time the computations are made, and on the assumption that the  
10 employees in each participating municipality or participating  
11 instrumentality at such time will continue in service until the  
12 end of such calendar year at their respective rates of earnings  
13 at such time.

14 (f) Any municipality which is the recipient of State  
15 allocations representing that municipality's contributions for  
16 retirement annuity purposes on behalf of its employees as  
17 provided in Section 12-21.16 of the Illinois Public Aid Code  
18 shall pay the allocations so received to the Board for such  
19 purpose. Estimates of State allocations to be received during  
20 any taxable year shall be considered in the determination of  
21 the municipality's tax rate for that year under Section 7-171.  
22 If a special tax is levied under Section 7-171, none of the  
23 proceeds may be used to reimburse the municipality for the  
24 amount of State allocations received and paid to the Board. Any  
25 multiple-county or consolidated health department which  
26 receives contributions from a county under Section 11.2 of "An  
27 Act in relation to establishment and maintenance of county and  
28 multiple-county health departments", approved July 9, 1943, as  
29 amended, or distributions under Section 3 of the Department of  
30 Public Health Act, shall use these only for municipality  
31 contributions by the health department.

32 (g) Municipality contributions for the several purposes  
33 specified shall, for township treasurers and employees in the  
34 offices of the township treasurers who meet the qualifying  
35 conditions for coverage hereunder, be allocated among the  
36 several school districts and parts of school districts serviced

1 by such treasurers and employees in the proportion which the  
2 amount of school funds of each district or part of a district  
3 handled by the treasurer bears to the total amount of all  
4 school funds handled by the treasurer.

5 From the funds subject to allocation among districts and  
6 parts of districts pursuant to the School Code, the trustees  
7 shall withhold the proportionate share of the liability for  
8 municipality contributions imposed upon such districts by this  
9 Section, in respect to such township treasurers and employees  
10 and remit the same to the Board.

11 The municipality contribution rate for an educational  
12 service center shall initially be the same rate for each year  
13 as the regional office of education or school district which  
14 serves as its administrative agent. When actuarial data become  
15 available, a separate rate shall be established as provided in  
16 subparagraph (i) of this Section.

17 The municipality contribution rate for a public agency,  
18 other than a vocational education cooperative, formed under the  
19 Intergovernmental Cooperation Act shall initially be the  
20 average rate for the municipalities which are parties to the  
21 intergovernmental agreement. When actuarial data become  
22 available, a separate rate shall be established as provided in  
23 subparagraph (i) of this Section.

24 (h) Each participating municipality and participating  
25 instrumentality shall make the contributions in the amounts  
26 provided in this Section in the manner prescribed from time to  
27 time by the Board and all such contributions shall be  
28 obligations of the respective participating municipalities and  
29 participating instrumentalities to this fund. The failure to  
30 deduct any employee contributions shall not relieve the  
31 participating municipality or participating instrumentality of  
32 its obligation to this fund. Delinquent payments of  
33 contributions due under this Section may, with interest, be  
34 recovered by civil action against the participating  
35 municipalities or participating instrumentalities.  
36 Municipality contributions, other than the amount necessary

1 for employee contributions and Social Security contributions,  
2 for periods of service by employees from whose earnings no  
3 deductions were made for employee contributions to the fund,  
4 may be charged to the municipality reserve for the municipality  
5 or participating instrumentality.

6 (i) Contributions by participating instrumentalities shall  
7 be determined as provided herein except that the percentage  
8 derived under subparagraph 2 of paragraph (b) of this Section,  
9 and the amount payable under subparagraph 5 of paragraph (a) of  
10 this Section, shall be based on an amortization period of 10  
11 years.

12 (k) The percentage of contributions by participating  
13 municipalities under subparagraph 2 of paragraph (b) of this  
14 Section shall be spread over the remainder of the period that  
15 is allowable under generally accepted accounting principles,  
16 except that the employer may provide for a longer period by  
17 adopting a resolution or ordinance specifying a 40-year period  
18 and submitting a certified copy of the ordinance or resolution  
19 to the Fund.

20 (Source: P.A. 92-424, eff. 8-17-01.)

21 (Text of Section after amendment by P.A. 94-712)

22 Sec. 7-172. Contributions by participating municipalities  
23 and participating instrumentalities.

24 (a) Each participating municipality and each participating  
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30 2. an amount equal to the employee contributions  
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32 whether or not the employee contributions are withheld as  
33 permitted by that Section;

34 3. all accounts receivable, together with interest  
35 charged thereon, as provided in Section 7-209;

1           4. if it has no participating employees with current  
2 earnings, an amount payable which, over a period of 20  
3 years beginning with the year following an award of  
4 benefit, will amortize, at the effective rate for that  
5 year, any negative balance in its municipality reserve  
6 resulting from the award. This amount when established will  
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9           (b) A separate municipality contribution rate shall be  
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12 The municipality contribution rate shall be determined for  
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17 employees of all participating municipalities and  
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19 entire period of their service, will be sufficient when  
20 combined with all employee contributions available for the  
21 payment of benefits, to provide all annuities for  
22 participating employees, and the \$3,000 death benefit  
23 payable under Sections 7-158 and 7-164, such percentage to  
24 be known as the normal cost rate.

25           2. The percentage of earnings of the participating  
26 employees of each participating municipality and  
27 participating instrumentalities necessary to adjust for  
28 the difference between the present value of all benefits,  
29 excluding temporary and total and permanent disability and  
30 death benefits, to be provided for its participating  
31 employees and the sum of its accumulated municipality  
32 contributions and the accumulated employee contributions  
33 and the present value of expected future employee and  
34 municipality contributions pursuant to subparagraph 1 of  
35 this paragraph (b). This adjustment shall be spread over  
36 the remainder of the period that is allowable under



1 generally accepted accounting principles.

2 3. The percentage of earnings of the participating  
3 employees of all municipalities and participating  
4 instrumentalities necessary to provide the present value  
5 of all temporary and total and permanent disability  
6 benefits granted during the most recent year for which  
7 information is available.

8 4. The percentage of earnings of the participating  
9 employees of all participating municipalities and  
10 participating instrumentalities necessary to provide the  
11 present value of the net single sum death benefits expected  
12 to become payable from the reserve established under  
13 Section 7-206 during the year for which this rate is fixed.

14 5. The percentage of earnings necessary to meet any  
15 deficiency arising in the Terminated Municipality Reserve.

16 (c) A separate municipality contribution rate shall be  
17 computed for each participating municipality or participating  
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19 A separate municipality contribution rate shall be  
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21 forest preserve district that elects to have such employees.  
22 For the period from January 1, 1986 to December 31, 1986, such  
23 rate shall be the forest preserve district's regular rate plus  
24 2%.

25 In the event that the Board determines that there is an  
26 actuarial deficiency in the account of any municipality with  
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29 municipality's contribution rate so as to make up that  
30 deficiency over such reasonable period of time as the Board may  
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33 contribution rate for all employees who are program  
34 participants employed under the federal Comprehensive  
35 Employment Training Act by all of the participating  
36 municipalities and instrumentalities. The Board may also

1 provide that, in lieu of a separate municipality rate for these  
2 employees, a portion of the municipality contributions for such  
3 program participants shall be refunded or an extra charge  
4 assessed so that the amount of municipality contributions  
5 retained or received by the fund for all CETA program  
6 participants shall be an amount equal to that which would be  
7 provided by the separate municipality contribution rate for all  
8 such program participants. Refunds shall be made to prime  
9 sponsors of programs upon submission of a claim therefor and  
10 extra charges shall be assessed to participating  
11 municipalities and instrumentalities. In establishing the  
12 municipality contribution rate as provided in paragraph (b) of  
13 this Section, the use of a separate municipality contribution  
14 rate for program participants or the refund of a portion of the  
15 municipality contributions, as the case may be, may be  
16 considered.

17 (e) Computations of municipality contribution rates for  
18 the following calendar year shall be made prior to the  
19 beginning of each year, from the information available at the  
20 time the computations are made, and on the assumption that the  
21 employees in each participating municipality or participating  
22 instrumentality at such time will continue in service until the  
23 end of such calendar year at their respective rates of earnings  
24 at such time.

25 (f) Any municipality which is the recipient of State  
26 allocations representing that municipality's contributions for  
27 retirement annuity purposes on behalf of its employees as  
28 provided in Section 12-21.16 of the Illinois Public Aid Code  
29 shall pay the allocations so received to the Board for such  
30 purpose. Estimates of State allocations to be received during  
31 any taxable year shall be considered in the determination of  
32 the municipality's tax rate for that year under Section 7-171.  
33 If a special tax is levied under Section 7-171, none of the  
34 proceeds may be used to reimburse the municipality for the  
35 amount of State allocations received and paid to the Board. Any  
36 multiple-county or consolidated health department which

1 receives contributions from a county under Section 11.2 of "An  
2 Act in relation to establishment and maintenance of county and  
3 multiple-county health departments", approved July 9, 1943, as  
4 amended, or distributions under Section 3 of the Department of  
5 Public Health Act, shall use these only for municipality  
6 contributions by the health department.

7 (g) Municipality contributions for the several purposes  
8 specified shall, for township treasurers and employees in the  
9 offices of the township treasurers who meet the qualifying  
10 conditions for coverage hereunder, be allocated among the  
11 several school districts and parts of school districts serviced  
12 by such treasurers and employees in the proportion which the  
13 amount of school funds of each district or part of a district  
14 handled by the treasurer bears to the total amount of all  
15 school funds handled by the treasurer.

16 From the funds subject to allocation among districts and  
17 parts of districts pursuant to the School Code, the trustees  
18 shall withhold the proportionate share of the liability for  
19 municipality contributions imposed upon such districts by this  
20 Section, in respect to such township treasurers and employees  
21 and remit the same to the Board.

22 The municipality contribution rate for an educational  
23 service center shall initially be the same rate for each year  
24 as the regional office of education or school district which  
25 serves as its administrative agent. When actuarial data become  
26 available, a separate rate shall be established as provided in  
27 subparagraph (i) of this Section.

28 The municipality contribution rate for a public agency,  
29 other than a vocational education cooperative, formed under the  
30 Intergovernmental Cooperation Act shall initially be the  
31 average rate for the municipalities which are parties to the  
32 intergovernmental agreement. When actuarial data become  
33 available, a separate rate shall be established as provided in  
34 subparagraph (i) of this Section.

35 (h) Each participating municipality and participating  
36 instrumentality shall make the contributions in the amounts

1 provided in this Section in the manner prescribed from time to  
2 time by the Board and all such contributions shall be  
3 obligations of the respective participating municipalities and  
4 participating instrumentalities to this fund. The failure to  
5 deduct any employee contributions shall not relieve the  
6 participating municipality or participating instrumentality of  
7 its obligation to this fund. Delinquent payments of  
8 contributions due under this Section may, with interest, be  
9 recovered by civil action against the participating  
10 municipalities or participating instrumentalities.  
11 Municipality contributions, other than the amount necessary  
12 for employee contributions and Social Security contributions,  
13 for periods of service by employees from whose earnings no  
14 deductions were made for employee contributions to the fund,  
15 may be charged to the municipality reserve for the municipality  
16 or participating instrumentality.

17 (i) Contributions by participating instrumentalities shall  
18 be determined as provided herein except that the percentage  
19 derived under subparagraph 2 of paragraph (b) of this Section,  
20 and the amount payable under subparagraph 5 of paragraph (a) of  
21 this Section, shall be based on an amortization period of 10  
22 years.

23 (j) Notwithstanding the other provisions of this Section,  
24 the additional unfunded liability accruing as a result of this  
25 amendatory Act of the 94th General Assembly shall be amortized  
26 over a period of 30 years beginning on January 1 of the second  
27 calendar year following the calendar year in which this  
28 amendatory Act takes effect, except that the employer may  
29 provide for a longer amortization period by adopting a  
30 resolution or ordinance specifying a 35-year or 40-year period  
31 and submitting a certified copy of the ordinance or resolution  
32 to the fund no later than June 1 of the calendar year following  
33 the calendar year in which this amendatory Act takes effect.

34 (k) The percentage of contributions by participating  
35 municipalities under subparagraph 2 of paragraph (b) of this  
36 Section shall be spread over the remainder of the period that

1 is allowable under generally accepted accounting principles,  
2 except that the employer may provide for a longer period by  
3 adopting a resolution or ordinance specifying a 40-year period  
4 and submitting a certified copy of the ordinance or resolution  
5 to the fund.

6 (Source: P.A. 94-712, eff. 6-1-06.)

7 Section 95. No acceleration or delay. Where this Act makes  
8 changes in a statute that is represented in this Act by text  
9 that is not yet or no longer in effect (for example, a Section  
10 represented by multiple versions), the use of that text does  
11 not accelerate or delay the taking effect of (i) the changes  
12 made by this Act or (ii) provisions derived from any other  
13 Public Act.

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.