



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1686

Introduced 2/22/2007, by Rep. Robert S. Molaro

SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-137	from Ch. 108 1/2, par. 8-137
40 ILCS 5/8-173	from Ch. 108 1/2, par. 8-173
30 ILCS 805/8.31 new	

Amends the Chicago Municipal Article of the Illinois Pension Code. Provides that the annual annuity increase for a person first employed under the Article on or after the effective date shall be at a rate of 3% of the original fixed annuity (instead of 3% of the current payable monthly annuity). Provides that the city council of the city shall levy a tax annually upon all taxable property in the city at a rate that will produce a sum that will be sufficient to bring the total assets of the Fund up to 90% of the total actuarial liabilities of the Municipal Employees', Officers', and Officials' Annuity and Benefit Fund by the end of fiscal year 2016 (instead of a sum that will be sufficient for the requirements of the Article, with a maximum provided). Amends the State Mandates Act to require implementation without reimbursement.

LRB095 10134 AMC 30348 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 Sections 8-137 and 8-173 as follows:

6 (40 ILCS 5/8-137) (from Ch. 108 1/2, par. 8-137)

7 Sec. 8-137. Automatic increase in annuity.

8 (a) An employee who retired or retires from service after
9 December 31, 1959 and before January 1, 1987, having attained
10 age 60 or more, shall, in January of the year after the year in
11 which the first anniversary of retirement occurs, have the
12 amount of his then fixed and payable monthly annuity increased
13 by 1 1/2%, and such first fixed annuity as granted at
14 retirement increased by a further 1 1/2% in January of each
15 year thereafter. Beginning with January of the year 1972, such
16 increases shall be at the rate of 2% in lieu of the aforesaid
17 specified 1 1/2%, and beginning with January of the year 1984
18 such increases shall be at the rate of 3%. Beginning in January
19 of 1999, such increases shall be at the rate of 3% of the
20 currently payable monthly annuity, including any increases
21 previously granted under this Article. An employee who retires
22 on annuity after December 31, 1959 and before January 1, 1987,
23 but before age 60, shall receive such increases beginning in

1 January of the year after the year in which he attains age 60.

2 An employee who retires from service on or after January 1,
3 1987 shall, upon the first annuity payment date following the
4 first anniversary of the date of retirement, or upon the first
5 annuity payment date following attainment of age 60, whichever
6 occurs later, have his then fixed and payable monthly annuity
7 increased by 3%, and such annuity shall be increased by an
8 additional 3% of the original fixed annuity on the same date
9 each year thereafter. Beginning in January of 1999, such
10 increases shall be at the rate of 3% of the currently payable
11 monthly annuity, including any increases previously granted
12 under this Article.

13 (a-5) Notwithstanding the provisions of subsection (a),
14 upon the first annuity payment date following (1) the third
15 anniversary of retirement, (2) the attainment of age 53, or (3)
16 January 1, 2002, whichever occurs latest, the monthly annuity
17 of an employee who retires on annuity prior to the attainment
18 of age 60 and has not received an increase under subsection (a)
19 shall be increased by 3%, and the annuity shall be increased by
20 an additional 3% of the current payable monthly annuity,
21 including any increases previously granted under this Article,
22 on the same date each year thereafter. The increases provided
23 under this subsection are in lieu of the increases provided in
24 subsection (a).

25 (a-6) Notwithstanding the provisions of subsections (a)
26 and (a-5), for all calendar years following the year in which

1 this amendatory Act of the 93rd General Assembly takes effect,
2 an increase in annuity under this Section that would otherwise
3 take effect at any time during the year shall instead take
4 effect in January of that year.

5 (a-10) Notwithstanding the provisions of subsections (a)
6 and (a-5), the annual annuity increase under this Section for a
7 person first employed under this Article on or after the
8 effective date of this amendatory Act of the 95th General
9 Assembly shall be at a rate of 3% of the original fixed
10 annuity.

11 (b) Subsections (a), (a-5), and (a-6) are not applicable to
12 an employee retiring and receiving a term annuity, as herein
13 defined, nor to any otherwise qualified employee who retires
14 before he makes employee contributions (at the 1/2 of 1% rate
15 as provided in this Act) for this additional annuity for not
16 less than the equivalent of one full year. Such employee,
17 however, shall make arrangement to pay to the fund a balance of
18 such 1/2 of 1% contributions, based on his final salary, as
19 will bring such 1/2 of 1% contributions, computed without
20 interest, to the equivalent of or completion of one year's
21 contributions.

22 Beginning with January, 1960, each employee shall
23 contribute by means of salary deductions 1/2 of 1% of each
24 salary payment, concurrently with and in addition to the
25 employee contributions otherwise made for annuity purposes.

26 Each such additional contribution shall be credited to an

1 account in the prior service annuity reserve, to be used,
2 together with city contributions, to defray the cost of the
3 specified annuity increments. Any balance in such account at
4 the beginning of each calendar year shall be credited with
5 interest at the rate of 3% per annum.

6 Such additional employee contributions are not refundable,
7 except to an employee who withdraws and applies for refund
8 under this Article, and in cases where a term annuity becomes
9 payable. In such cases his contributions shall be refunded,
10 without interest, and charged to such account in the prior
11 service annuity reserve.

12 (Source: P.A. 92-599, eff. 6-28-02; 92-609, eff. 7-1-02;
13 93-654, eff. 1-16-04.)

14 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

15 Sec. 8-173. Financing; tax levy.

16 (a) Except as provided in subsection (f) of this Section,
17 the city council of the city shall levy a tax annually upon all
18 taxable property in the city at a rate that will produce a sum
19 which, when added to the amounts deducted from the salaries of
20 the employees or otherwise contributed by them and the amounts
21 deposited under subsection (f), will be sufficient to bring the
22 total assets of the Fund up to 90% of the total actuarial
23 liabilities of the Fund by the end of fiscal year 2016. ~~for the~~
24 ~~requirements of this Article, but which when extended will~~
25 ~~produce an amount not to exceed the greater of the following:~~

1 ~~(a) the sum obtained by the levy of a tax of .1093% of the~~
2 ~~value, as equalized or assessed by the Department of Revenue,~~
3 ~~of all taxable property within such city, or (b) the sum of~~
4 ~~\$12,000,000. However any city in which a Fund has been~~
5 ~~established and in operation under this Article for more than 3~~
6 ~~years prior to 1970 shall levy for the year 1970 a tax at a rate~~
7 ~~on the dollar of assessed valuation of all taxable property~~
8 ~~that will produce, when extended, an amount not to exceed 1.2~~
9 ~~times the total amount of contributions made by employees to~~
10 ~~the Fund for annuity purposes in the calendar year 1968, and,~~
11 ~~for the year 1971 and 1972 such levy that will produce, when~~
12 ~~extended, an amount not to exceed 1.3 times the total amount of~~
13 ~~contributions made by employees to the Fund for annuity~~
14 ~~purposes in the calendar years 1969 and 1970, respectively; and~~
15 ~~for the year 1973 an amount not to exceed 1.365 times such~~
16 ~~total amount of contributions made by employees for annuity~~
17 ~~purposes in the calendar year 1971; and for the year 1974 an~~
18 ~~amount not to exceed 1.430 times such total amount of~~
19 ~~contributions made by employees for annuity purposes in the~~
20 ~~calendar year 1972; and for the year 1975 an amount not to~~
21 ~~exceed 1.495 times such total amount of contributions made by~~
22 ~~employees for annuity purposes in the calendar year 1973; and~~
23 ~~for the year 1976 an amount not to exceed 1.560 times such~~
24 ~~total amount of contributions made by employees for annuity~~
25 ~~purposes in the calendar year 1974; and for the year 1977 an~~
26 ~~amount not to exceed 1.625 times such total amount of~~

1 ~~contributions made by employees for annuity purposes in the~~
2 ~~calendar year 1975; and for the year 1978 and each year~~
3 ~~thereafter, such levy as will produce, when extended, an amount~~
4 ~~not to exceed the total amount of contributions made by or on~~
5 ~~behalf of employees to the Fund for annuity purposes in the~~
6 ~~calendar year 2 years prior to the year for which the annual~~
7 ~~applicable tax is levied, multiplied by 1.690 for the years~~
8 ~~1978 through 1998 and by 1.250 for the year 1999 and for each~~
9 ~~year thereafter.~~

10 The tax shall be levied and collected in like manner with
11 the general taxes of the city, and shall be exclusive of and in
12 addition to the amount of tax the city is now or may hereafter
13 be authorized to levy for general purposes under any laws which
14 may limit the amount of tax which the city may levy for general
15 purposes. The county clerk of the county in which the city is
16 located, in reducing tax levies under the provisions of any Act
17 concerning the levy and extension of taxes, shall not consider
18 the tax herein provided for as a part of the general tax levy
19 for city purposes, and shall not include the same within any
20 limitation of the percent of the assessed valuation upon which
21 taxes are required to be extended for such city.

22 Revenues derived from such tax shall be paid to the city
23 treasurer of the city as collected and held by him for the
24 benefit of the fund.

25 If the payments on account of taxes are insufficient during
26 any year to meet the requirements of this Article, the city may

1 issue tax anticipation warrants against the current tax levy.

2 (b) On or before January 10, annually, the board shall
3 notify the city council of the requirements of this Article
4 that the tax herein provided shall be levied for that current
5 year. The board shall compute the amounts necessary to be
6 credited to the reserves established and maintained as herein
7 provided, and shall make an annual determination of the amount
8 of the required city contributions, and certify the results
9 thereof to the city council.

10 (c) In respect to employees of the city who are transferred
11 to the employment of a park district by virtue of the "Exchange
12 of Functions Act of 1957", the corporate authorities of the
13 park district shall annually levy a tax upon all the taxable
14 property in the park district at such rate per cent of the
15 value of such property, as equalized or assessed by the
16 Department of Revenue, as shall be sufficient, when added to
17 the amounts deducted from their salaries and otherwise
18 contributed by them to provide the benefits to which they and
19 their dependents and beneficiaries are entitled under this
20 Article. The city shall not levy a tax hereunder in respect to
21 such employees.

22 The tax so levied by the park district shall be in addition
23 to and exclusive of all other taxes authorized to be levied by
24 the park district for corporate, annuity fund, or other
25 purposes. The county clerk of the county in which the park
26 district is located, in reducing any tax levied under the

1 provisions of any act concerning the levy and extension of
2 taxes shall not consider such tax as part of the general tax
3 levy for park purposes, and shall not include the same in any
4 limitation of the per cent of the assessed valuation upon which
5 taxes are required to be extended for the park district. The
6 proceeds of the tax levied by the park district, upon receipt
7 by the district, shall be immediately paid over to the city
8 treasurer of the city for the uses and purposes of the fund.

9 The various sums to be contributed by the city and park
10 district and allocated for the purposes of this Article, and
11 any interest to be contributed by the city, shall be derived
12 from the revenue from the taxes authorized in this Section or
13 otherwise as expressly provided in this Section.

14 If it is not possible or practicable for the city to make
15 contributions for age and service annuity and widow's annuity
16 at the same time that employee contributions are made for such
17 purposes, such city contributions shall be construed to be due
18 and payable as of the end of the fiscal year for which the tax
19 is levied and shall accrue thereafter with interest at the
20 effective rate until paid.

21 (d) With respect to employees whose wages are funded as
22 participants under the Comprehensive Employment and Training
23 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.
24 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
25 subsequent to October 1, 1978, and in instances where the board
26 has elected to establish a manpower program reserve, the board

1 shall compute the amounts necessary to be credited to the
2 manpower program reserves established and maintained as herein
3 provided, and shall make a periodic determination of the amount
4 of required contributions from the City to the reserve to be
5 reimbursed by the federal government in accordance with rules
6 and regulations established by the Secretary of the United
7 States Department of Labor or his designee, and certify the
8 results thereof to the City Council. Any such amounts shall
9 become a credit to the City and will be used to reduce the
10 amount which the City would otherwise contribute during
11 succeeding years for all employees.

12 (e) In lieu of establishing a manpower program reserve with
13 respect to employees whose wages are funded as participants
14 under the Comprehensive Employment and Training Act of 1973, as
15 authorized by subsection (d), the board may elect to establish
16 a special municipality contribution rate for all such
17 employees. If this option is elected, the City shall contribute
18 to the Fund from federal funds provided under the Comprehensive
19 Employment and Training Act program at the special rate so
20 established and such contributions shall become a credit to the
21 City and be used to reduce the amount which the City would
22 otherwise contribute during succeeding years for all
23 employees.

24 (f) In lieu of levying all or a portion of the tax required
25 under this Section in any year, the city may deposit with the
26 city treasurer no later than March 1 of that year for the

1 benefit of the fund, to be held in accordance with this
2 Article, an amount that, together with the taxes levied under
3 this Section for that year, is not less than the amount of the
4 city contributions for that year as certified by the board to
5 the city council. The deposit may be derived from any source
6 legally available for that purpose, including, but not limited
7 to, the proceeds of city borrowings. The making of a deposit
8 shall satisfy fully the requirements of this Section for that
9 year to the extent of the amounts so deposited. Amounts
10 deposited under this subsection may be used by the fund for any
11 of the purposes for which the proceeds of the tax levied by the
12 city under this Section may be used, including the payment of
13 any amount that is otherwise required by this Article to be
14 paid from the proceeds of that tax.

15 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;
16 90-766, eff. 8-14-98.)

17 Section 90. The State Mandates Act is amended by adding
18 Section 8.31 as follows:

19 (30 ILCS 805/8.31 new)

20 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8
21 of this Act, no reimbursement by the State is required for the
22 implementation of any mandate created by this amendatory Act of
23 the 95th General Assembly.