



Sen. Michael Bond

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LRB095 08382 AMC 32985 a

1 AMENDMENT TO SENATE BILL 1158

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1158 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Section 7-172 as follows:

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

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

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

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

15 2. an amount equal to the employee contributions  
16 provided by paragraphs (a) and (b) of Section 7-173,

1           whether or not the employee contributions are withheld as  
2           permitted by that Section;

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

5           4. if it has no participating employees with current  
6           earnings, an amount payable which, over a period of 20  
7           years beginning with the year following an award of  
8           benefit, will amortize, at the effective rate for that  
9           year, any negative balance in its municipality reserve  
10          resulting from the award. This amount when established will  
11          be payable as a separate contribution whether or not it  
12          later has participating employees.

13          (b) A separate municipality contribution rate shall be  
14          determined for each calendar year for all participating  
15          municipalities together with all instrumentalities thereof.  
16          The municipality contribution rate shall be determined for  
17          participating instrumentalities as if they were participating  
18          municipalities. The municipality contribution rate shall be  
19          the sum of the following percentages:

20           1. The percentage of earnings of all the participating  
21           employees of all participating municipalities and  
22           participating instrumentalities which, if paid over the  
23           entire period of their service, will be sufficient when  
24           combined with all employee contributions available for the  
25           payment of benefits, to provide all annuities for  
26           participating employees, and the \$3,000 death benefit

1 payable under Sections 7-158 and 7-164, such percentage to  
2 be known as the normal cost rate.

3 2. The percentage of earnings of the participating  
4 employees of each participating municipality and  
5 participating instrumentalities necessary to adjust for  
6 the difference between the present value of all benefits,  
7 excluding temporary and total and permanent disability and  
8 death benefits, to be provided for its participating  
9 employees and the sum of its accumulated municipality  
10 contributions and the accumulated employee contributions  
11 and the present value of expected future employee and  
12 municipality contributions pursuant to subparagraph 1 of  
13 this paragraph (b). This adjustment shall be spread over  
14 the remainder of the period that is allowable under  
15 generally accepted accounting principles.

16 3. The percentage of earnings of the participating  
17 employees of all municipalities and participating  
18 instrumentalities necessary to provide the present value  
19 of all temporary and total and permanent disability  
20 benefits granted during the most recent year for which  
21 information is available.

22 4. The percentage of earnings of the participating  
23 employees of all participating municipalities and  
24 participating instrumentalities necessary to provide the  
25 present value of the net single sum death benefits expected  
26 to become payable from the reserve established under

1 Section 7-206 during the year for which this rate is fixed.

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

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

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

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

20 (d) The Board may establish a separate municipality  
21 contribution rate for all employees who are program  
22 participants employed under the federal Comprehensive  
23 Employment Training Act by all of the participating  
24 municipalities and instrumentalities. The Board may also  
25 provide that, in lieu of a separate municipality rate for these  
26 employees, a portion of the municipality contributions for such

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

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

23 (f) Any municipality which is the recipient of State  
24 allocations representing that municipality's contributions for  
25 retirement annuity purposes on behalf of its employees as  
26 provided in Section 12-21.16 of the Illinois Public Aid Code

1 shall pay the allocations so received to the Board for such  
2 purpose. Estimates of State allocations to be received during  
3 any taxable year shall be considered in the determination of  
4 the municipality's tax rate for that year under Section 7-171.  
5 If a special tax is levied under Section 7-171, none of the  
6 proceeds may be used to reimburse the municipality for the  
7 amount of State allocations received and paid to the Board. Any  
8 multiple-county or consolidated health department which  
9 receives contributions from a county under Section 11.2 of "An  
10 Act in relation to establishment and maintenance of county and  
11 multiple-county health departments", approved July 9, 1943, as  
12 amended, or distributions under Section 3 of the Department of  
13 Public Health Act, shall use these only for municipality  
14 contributions by the health department.

15 (g) Municipality contributions for the several purposes  
16 specified shall, for township treasurers and employees in the  
17 offices of the township treasurers who meet the qualifying  
18 conditions for coverage hereunder, be allocated among the  
19 several school districts and parts of school districts serviced  
20 by such treasurers and employees in the proportion which the  
21 amount of school funds of each district or part of a district  
22 handled by the treasurer bears to the total amount of all  
23 school funds handled by the treasurer.

24 From the funds subject to allocation among districts and  
25 parts of districts pursuant to the School Code, the trustees  
26 shall withhold the proportionate share of the liability for

1 municipality contributions imposed upon such districts by this  
2 Section, in respect to such township treasurers and employees  
3 and remit the same to the Board.

4 The municipality contribution rate for an educational  
5 service center shall initially be the same rate for each year  
6 as the regional office of education or school district which  
7 serves as its administrative agent. When actuarial data become  
8 available, a separate rate shall be established as provided in  
9 subparagraph (i) of this Section.

10 The municipality contribution rate for a public agency,  
11 other than a vocational education cooperative, formed under the  
12 Intergovernmental Cooperation Act shall initially be the  
13 average rate for the municipalities which are parties to the  
14 intergovernmental agreement. When actuarial data become  
15 available, a separate rate shall be established as provided in  
16 subparagraph (i) of this Section.

17 (h) Each participating municipality and participating  
18 instrumentality shall make the contributions in the amounts  
19 provided in this Section in the manner prescribed from time to  
20 time by the Board and all such contributions shall be  
21 obligations of the respective participating municipalities and  
22 participating instrumentalities to this fund. The failure to  
23 deduct any employee contributions shall not relieve the  
24 participating municipality or participating instrumentality of  
25 its obligation to this fund. Delinquent payments of  
26 contributions due under this Section may, with interest, be

1 recovered by civil action against the participating  
2 municipalities or participating instrumentalities.  
3 Municipality contributions, other than the amount necessary  
4 for employee contributions and Social Security contributions,  
5 for periods of service by employees from whose earnings no  
6 deductions were made for employee contributions to the fund,  
7 may be charged to the municipality reserve for the municipality  
8 or participating instrumentality.

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

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

26 (k) The percentage of contributions by participating



1 municipalities under subparagraph 2 of paragraph (b) of this  
2 Section shall be spread over the remainder of the period that  
3 is allowable under generally accepted accounting principles,  
4 except that an employer other than a school district may  
5 provide for a longer period by adopting a resolution or  
6 ordinance specifying a 40-year period and submitting a  
7 certified copy of the ordinance or resolution to the Fund.

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

9 Section 99. Effective date. This Act takes effect upon  
10 becoming law.".