

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 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,
17 whether or not the employee contributions are withheld as
18 permitted by that Section;

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

21 4. if it has no participating employees with current
22 earnings, an amount payable which, over a closed period of
23 20 years for participating municipalities and 10 years for

1 participating instrumentalities, will amortize, at the
2 effective rate for that year, any unfunded obligation. The
3 unfunded obligation shall be computed as provided in
4 paragraph 2 of subsection (b);

5 5. if it has fewer than 7 participating employees or a
6 negative balance in its municipality reserve, the greater
7 of (A) an amount payable that, over a period of 20 years,
8 will amortize at the effective rate for that year any
9 unfunded obligation, computed as provided in paragraph 2 of
10 subsection (b) or (B) the amount required by paragraph 1 of
11 this subsection (a).

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

19 1. The percentage of earnings of all the participating
20 employees of all participating municipalities and
21 participating instrumentalities which, if paid over the
22 entire period of their service, will be sufficient when
23 combined with all employee contributions available for the
24 payment of benefits, to provide all annuities for
25 participating employees, and the \$3,000 death benefit
26 payable under Sections 7-158 and 7-164, such percentage to

1 be known as the normal cost rate.

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

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

21 4. The percentage of earnings of the participating
22 employees of all participating municipalities and
23 participating instrumentalities necessary to provide the
24 present value of the net single sum death benefits expected
25 to become payable from the reserve established under
26 Section 7-206 during the year for which this rate is fixed.

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

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

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

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

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

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

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

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

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

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

23 From the funds subject to allocation among districts and
24 parts of districts pursuant to the School Code, the trustees
25 shall withhold the proportionate share of the liability for
26 municipality contributions imposed upon such districts by this

1 Section, in respect to such township treasurers and employees
2 and remit the same to the Board.

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

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

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

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

8 (i) Contributions by participating instrumentalities shall
9 be determined as provided herein except that the percentage
10 derived under subparagraph 2 of paragraph (b) of this Section,
11 and the amount payable under subparagraph 4 of paragraph (a) of
12 this Section, shall be based on an amortization period of 10
13 years.

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

25 (k) If the amount of a participating employee's earnings
26 for any calendar year used to determine the participating

1 employee's retirement annuity, determined on a full-time
2 equivalent basis, exceeds the amount of his or her earnings
3 with the same participating municipality or participating
4 instrumentality for the previous calendar year, determined on a
5 full-time equivalent basis, by more than 6%, then the
6 participating municipality or participating instrumentality
7 shall pay to the fund, in addition to all other payments
8 required under this Article and in accordance with guidelines
9 established by the fund, the present value of the increase in
10 benefits resulting from the portion of the increase in earnings
11 that is in excess of 6%. This present value shall be computed
12 by the fund on the basis of the actuarial assumptions and
13 tables used in the most recent actuarial valuation of the fund
14 that is available at the time of the computation. The fund may
15 require the participating municipality or participating
16 instrumentality to provide any pertinent information or
17 documentation.

18 Whenever it determines that a payment is or may be required
19 under this subsection (k), the fund shall calculate the amount
20 of the payment and bill the participating municipality or
21 participating instrumentality for that amount. The bill shall
22 specify the calculations used to determine the amount due. If
23 the participating municipality or participating
24 instrumentality disputes the amount of the bill, it may, within
25 30 days after receipt of the bill, apply to the fund in writing
26 for a recalculation. The application must specify in detail the

1 grounds of the dispute. Upon receiving a timely application for
2 recalculation, the fund shall review the application and, if
3 appropriate, recalculate the amount due. The participating
4 municipality and participating instrumentality contributions
5 required under this subsection (k) may be paid in the form of a
6 lump sum within 90 days after receipt of the bill. If the
7 participating municipality and participating instrumentality
8 contributions are not paid within 90 days after receipt of the
9 bill, then interest will be charged at a rate equal to the
10 fund's annual actuarially assumed rate of return on investment
11 compounded annually from the 91st day after receipt of the
12 bill. Payments must be concluded within 3 years after receipt
13 of the bill by the participating municipality or participating
14 instrumentality.

15 When assessing payment for any amount due under this
16 subsection (k), the fund shall exclude earnings increases
17 resulting from overload or overtime earnings.

18 When assessing payment for any amount due under this
19 subsection (k), the fund shall also exclude earnings increases
20 attributable to standard employment promotions resulting in
21 increased responsibility and workload.

22 (Source: P.A. 96-1084, eff. 7-16-10; 96-1140, eff. 7-21-10;
23 revised 9-16-10.)

24 Section 90. The State Mandates Act is amended by adding
25 Section 8.35 as follows:

1 (30 ILCS 805/8.35 new)

2 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 97th General Assembly.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.