



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB3393

Introduced 2/24/2011, by Rep. Robert Rita

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-173

from Ch. 108 1/2, par. 8-173

30 ILCS 805/8.35 new

Amends the Chicago Municipal Article of the Illinois Pension Code. Provides that the city shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within the city for the year 2012 and each year thereafter, that will produce, when extended, an amount equal to or greater than the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2 years prior to the year for which the annual applicable tax is levied, multiplied by 1.25. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 07298 JDS 47407 b

FISCAL 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 Section 8-173 as follows:

6 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

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

8 (a) Except as provided in subsection (f) of this Section,  
9 the city council of the city shall levy a tax annually upon all  
10 taxable property in the city at a rate that will produce a sum  
11 which, when added to the amounts deducted from the salaries of  
12 the employees or otherwise contributed by them and the amounts  
13 deposited under subsection (f), will be sufficient for the  
14 requirements of this Article, but which when extended will  
15 produce an amount not to exceed the greater of the following:

16 (a) the sum obtained by the levy of a tax of .1093% of the  
17 value, as equalized or assessed by the Department of Revenue,  
18 of all taxable property within such city, or (b) the sum of  
19 \$12,000,000. However any city in which a Fund has been  
20 established and in operation under this Article for more than 3  
21 years prior to 1970 shall levy for the year 1970 a tax at a rate  
22 on the dollar of assessed valuation of all taxable property  
23 that will produce, when extended, an amount not to exceed 1.2

1 times the total amount of contributions made by employees to  
2 the Fund for annuity purposes in the calendar year 1968, and,  
3 for the year 1971 and 1972 such levy that will produce, when  
4 extended, an amount not to exceed 1.3 times the total amount of  
5 contributions made by employees to the Fund for annuity  
6 purposes in the calendar years 1969 and 1970, respectively; and  
7 for the year 1973 an amount not to exceed 1.365 times such  
8 total amount of contributions made by employees for annuity  
9 purposes in the calendar year 1971; and for the year 1974 an  
10 amount not to exceed 1.430 times such total amount of  
11 contributions made by employees for annuity purposes in the  
12 calendar year 1972; and for the year 1975 an amount not to  
13 exceed 1.495 times such total amount of contributions made by  
14 employees for annuity purposes in the calendar year 1973; and  
15 for the year 1976 an amount not to exceed 1.560 times such  
16 total amount of contributions made by employees for annuity  
17 purposes in the calendar year 1974; and for the year 1977 an  
18 amount not to exceed 1.625 times such total amount of  
19 contributions made by employees for annuity purposes in the  
20 calendar year 1975; and for the year 1978 and each year  
21 thereafter, such levy as will produce, when extended, an amount  
22 not to exceed the total amount of contributions made by or on  
23 behalf of employees to the Fund for annuity purposes in the  
24 calendar year 2 years prior to the year for which the annual  
25 applicable tax is levied, multiplied by 1.690 for the years  
26 1978 through 1998, and by 1.250 for the years ~~year~~ 1999 through

1 2011; and for the each year 2012 and each year thereafter, such  
2 levy as will produce, when extended, an amount equal to or  
3 greater than the total amount of contributions made by or on  
4 behalf of employees to the Fund for annuity purposes in the  
5 calendar year 2 years prior to the year for which the annual  
6 applicable tax is levied, multiplied by 1.25 thereafter.

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

19 Revenues derived from such tax shall be paid to the city  
20 treasurer of the city as collected and held by him for the  
21 benefit of the fund.

22 If the payments on account of taxes are insufficient during  
23 any year to meet the requirements of this Article, the city may  
24 issue tax anticipation warrants against the current tax levy.

25 (b) On or before January 10, annually, the board shall  
26 notify the city council of the requirements of this Article

1 that the tax herein provided shall be levied for that current  
2 year. The board shall compute the amounts necessary to be  
3 credited to the reserves established and maintained as herein  
4 provided, and shall make an annual determination of the amount  
5 of the required city contributions, and certify the results  
6 thereof to the city council.

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

19 The tax so levied by the park district shall be in addition  
20 to and exclusive of all other taxes authorized to be levied by  
21 the park district for corporate, annuity fund, or other  
22 purposes. The county clerk of the county in which the park  
23 district is located, in reducing any tax levied under the  
24 provisions of any act concerning the levy and extension of  
25 taxes shall not consider such tax as part of the general tax  
26 levy for park purposes, and shall not include the same in any

1 limitation of the per cent of the assessed valuation upon which  
2 taxes are required to be extended for the park district. The  
3 proceeds of the tax levied by the park district, upon receipt  
4 by the district, shall be immediately paid over to the city  
5 treasurer of the city for the uses and purposes of the fund.

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

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

18 (d) With respect to employees whose wages are funded as  
19 participants under the Comprehensive Employment and Training  
20 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
21 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
22 subsequent to October 1, 1978, and in instances where the board  
23 has elected to establish a manpower program reserve, the board  
24 shall compute the amounts necessary to be credited to the  
25 manpower program reserves established and maintained as herein  
26 provided, and shall make a periodic determination of the amount

1 of required contributions from the City to the reserve to be  
2 reimbursed by the federal government in accordance with rules  
3 and regulations established by the Secretary of the United  
4 States Department of Labor or his designee, and certify the  
5 results thereof to the City Council. Any such amounts shall  
6 become a credit to the City and will be used to reduce the  
7 amount which the City would otherwise contribute during  
8 succeeding years for all employees.

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

21 (f) In lieu of levying all or a portion of the tax required  
22 under this Section in any year, the city may deposit with the  
23 city treasurer no later than March 1 of that year for the  
24 benefit of the fund, to be held in accordance with this  
25 Article, an amount that, together with the taxes levied under  
26 this Section for that year, is not less than the amount of the

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

12 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;  
13 90-766, eff. 8-14-98.)

14 Section 90. The State Mandates Act is amended by adding  
15 Section 8.35 as follows:

16 (30 ILCS 805/8.35 new)

17 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8  
18 of this Act, no reimbursement by the State is required for the  
19 implementation of any mandate created by this amendatory Act of  
20 the 97th General Assembly.

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law.