HB4513

LRB09719245EFG64487b

97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB4513

Introduced 1/31/2012, by Rep. Elaine Nekritz

SYNOPSIS AS INTRODUCED:

40 ILCS 5/13-502	from Ch. 108 1/2, par. 13-502
40 ILCS 5/13-503	from Ch. 108 1/2, par. 13-503
30 ILCS 805/8.36 new	

Amends the Metropolitan Water Reclamation District Article of the Illinois Pension Code. Increases the required employee contributions of persons who first became employees of the Fund or certain reciprocal systems before January 1, 2011. Changes the manner in which the District calculates its required contribution and tax levy. The new contribution amount is calculated as the employer's normal cost plus the annual amount needed to amortize the unfunded liability by the year 2050 as a level percent of payroll, but shall not exceed an amount equal to the total employee contributions 2 years prior multiplied by 4.19 (currently 2.19). States that the funding goal is to attain a funded ratio of at least 90% by the year 2050. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

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FISCAL NOTE ACT MAY APPLY	PENSION IMPACT NOTE ACT MAY APPLY	STATE MANDATES ACT MAY REQUIRE REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Pension Code is amended by changing Sections 13-502 and 13-503 as follows:

(40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)

Sec. 13-502. Employee contributions; deductions from salary.

(a) Retirement annuity and child's annuity. Except as otherwise provided in this Section, there ~~There~~ shall be deducted from each payment of salary an amount equal to 7% of salary as the employee's contribution for the retirement annuity, including child's annuity, and 0.5% of salary as the employee's contribution for annual increases to the retirement annuity.

(a-1) For employees who first became a member or participant before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, or 18 of this Code:

(1) beginning with the first pay period paid on or after January 1, 2013 and ending with the last pay period paid on or before December 31, 2013, employee contributions

shall be 7.5% for the retirement annuity and 1.0% for annual increases for a total of 8.5%;

(2) beginning with the first pay period paid on or after January 1, 2014 and ending with the last pay period paid on or before December 31, 2014, employee contributions shall be 8.0% for the retirement annuity and 1.5% for annual increases for a total of 9.5%; and

(3) beginning with the first pay period paid on or after January 1, 2015 and each pay period paid thereafter, employee contributions shall be 8.5% for the retirement annuity and 1.5% for annual increases for a total of 10.0%.

(b) Surviving spouse's annuity. There shall be deducted from each payment of salary an amount equal to 1 1/2% of salary as the employee's contribution for the surviving spouse's annuity and annual increases therefor. For employees that first became a member or a participant before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, or 18 of this Code, beginning with the first pay period paid on or after January 1, 2015 and each pay period paid thereafter, there shall be deducted an additional 0.5% of salary for a total of 2.0% for the surviving spouse's annuity and annual increases.

(c) Pickup of employee contributions. The Employer may pick up employee contributions required under subsections (a) and (b) of this Section. If contributions are picked up they shall be treated as Employer contributions in determining tax treatment under the United States Internal Revenue Code, and shall not be included as gross income of the employee until such time as they are distributed. The Employer shall pay these employee contributions from the same source of funds used in paying salary to the employee. The Employer may pick up these contributions by a reduction in the cash salary of the employee or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. If employee contributions are picked up they shall be treated for all purposes of this Article 13, including Sections 13-503 and 13-601, in the same manner and to the same extent as employee contributions made prior to the date picked up.

(d) Subject to the requirements of federal law, the Employer shall pick up optional contributions that the employee has elected to pay to the Fund under Section 13-304.1, and the contributions so picked up shall be treated as employer contributions for the purposes of determining federal tax treatment. The Employer shall pick up the contributions by a reduction in the cash salary of the employee and shall pay the contributions from the same fund that is used to pay earnings to the employee. The Employer shall, however, continue to withhold federal and State income taxes based upon contributions made under Section 13-304.1 until the Internal Revenue Service or the federal courts rule that pursuant to

Section 414(h) of the U.S. Internal Revenue Code of 1986, as amended, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available.

(e) Each employee is deemed to consent and agree to the deductions from compensation provided for in this Article.

(f) Subject to the requirements of federal law, the Employer shall pick up contributions that a commissioner has elected to pay to the Fund under Section 13-314, and the contributions so picked up shall be treated as Employer contributions for the purposes of determining federal tax treatment. The Employer shall pick up the contributions by a reduction in the cash salary of the commissioner and shall pay the contributions from the same fund as is used to pay earnings to the commissioner. The Employer shall, however, continue to withhold federal and State income taxes based upon contributions made under Section 13-314 until the U.S. Internal Revenue Service or the federal courts rule that pursuant to Section 414(h) of the Internal Revenue Code of 1986, as amended, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available.

(Source: P.A. 94-621, eff. 8-18-05; 95-586, eff. 8-31-07.)

(40 ILCS 5/13-503) (from Ch. 108 1/2, par. 13-503)

Sec. 13-503. Tax levy. Until fiscal year 2013, the ~~The~~

Water Reclamation District shall annually levy a tax upon all the taxable real property within the District at a rate which, when extended, will produce a sum that (i) when added to the amounts deducted from the salaries of employees, interest income on investments, and other income, will be sufficient to meet the requirements of the Fund on an actuarially funded basis, but (ii) shall not exceed an amount equal to the total amount of contributions by the employees to the Fund made in the calendar year 2 years prior to the year for which the tax is levied, multiplied by 2.19, except that the amount of employee contributions made on or after January 1, 2003 towards the purchase of additional optional benefits under Section 13-304.1 shall only be multiplied by 1.00.

Beginning in fiscal year 2013, the District shall annually levy a tax upon all the taxable real property within the District at a rate which, when extended, will produce a sum that (i) will be sufficient to meet the Fund's actuarially determined contribution requirement, but (ii) shall not exceed an amount equal to the total employee contributions 2 years prior multiplied by 4.19. The actuarially determined contribution requirement is equal to the employer's normal cost plus the annual amount needed to amortize the unfunded liability by the year 2050 as a level percent of payroll. The funding goal is to attain a funded ratio of at least 90% by the year 2050, with the funded ratio being the ratio of the actuarial value of assets to the total actuarial liability.

The tax shall be levied and collected in the same manner as the general taxes of the District.

The tax shall be exclusive of and in addition to the amount of tax the District is now or may hereafter be authorized to levy for general purposes under the Metropolitan Water Reclamation District Act or under any other laws which may limit the amount of tax for general purposes. The county clerk of any county, in reducing tax levies as may be authorized by law, shall not consider any such tax as a part of the general tax levy for District purposes, and shall not include the same in any limitation of the percent of the assessed valuation upon which taxes are required to be extended.

Revenues derived from the tax shall be paid to the Fund for the benefit of the Fund.

If the funds available for the purposes of this Article are insufficient during any year to meet the requirements of this Article, the District may issue tax anticipation warrants or notes, as provided by law, against the current tax levy.

The Board shall submit annually to the Board of Commissioners of the District an estimate of the amount required to be raised by taxation for the purposes of the Fund. The Board of Commissioners shall review the estimate and determine the tax to be levied for such purposes.

(Source: P.A. 92-599, eff. 6-28-02.)

Section 90. The State Mandates Act is amended by adding

Section 8.36 as follows:

(30 ILCS 805/8.36 new)

Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 97th General Assembly.

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