



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB6158

by Rep. Mike Fortner

SYNOPSIS AS INTRODUCED:

See Index

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reduces the rate of tax on motor fuel to 1.25%. Amends the Motor Fuel Tax Law. Increases the amount of the tax to 34 cents per gallon beginning on July 1, 2012. Provides that, on July 1, 2013, and on July 1 of each year thereafter, the rate of tax shall be adjusted according to the percentage increase, if any, in the Consumer Price Index during the preceding 12-month calendar year. Provides that, of the proceeds collected under the Motor Fuel Tax Law, 15 cents per gallon shall be deposited into the Pension Stabilization Fund. Amends the Budget Stabilization Act. Makes changes concerning transfers from the General Revenue Fund to the Pension Stabilization Fund. Amends the Illinois Pension Code. In provisions concerning funding for the following systems: the General Assembly Retirement System; the State Employees' Retirement System; the State Universities Retirement System; the Teachers' Retirement System of the State of Illinois; and the Judges Retirement System of Illinois, provides that the minimum State contribution to the System for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% (instead of 90%) of the total actuarial liabilities of the System by the end of State fiscal year 2043 (instead of 2045). Provides that the State is contractually obligated to the each of those systems to pay the Annual Required State Contribution. Contains provisions requiring the systems to bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution. Effective immediately.

LRB097 21175 HLH 68695 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Budget Stabilization Act is amended by
5 changing Sections 20 and 25 as follows:

6 (30 ILCS 122/20)

7 Sec. 20. Pension Stabilization Fund.

8 (a) The Pension Stabilization Fund is hereby created as a
9 special fund in the State treasury. Moneys in the fund shall be
10 used for the sole purpose of making payments to the designated
11 retirement systems as provided in Section 25.

12 (b) For each fiscal year when the General Assembly's
13 appropriations and transfers or diversions as required by law
14 from general funds do not exceed 99% of the estimated general
15 funds revenues pursuant to subsection (a) of Section 10, the
16 Comptroller shall transfer from the General Revenue Fund as
17 provided by this Section a total amount equal to 0.5% of the
18 estimated general funds revenues to the Pension Stabilization
19 Fund.

20 (c) For each fiscal year through Fiscal Year 2012, when the
21 General Assembly's appropriations and transfers or diversions
22 as required by law from general funds do not exceed 98% of the
23 estimated general funds revenues pursuant to subsection (b) of

1 Section 10, the Comptroller shall transfer from the General
2 Revenue Fund as provided by this Section a total amount equal
3 to 1.0% of the estimated general funds revenues to the Pension
4 Stabilization Fund.

5 (c-5) In Fiscal Year 2013, the State Comptroller shall
6 order transferred and the State Treasurer shall transfer
7 \$3,500,000,000 from the General Revenue Fund to the Pension
8 Stabilization Fund. In each fiscal year thereafter, the State
9 Comptroller shall order transferred and the State Treasurer
10 shall transfer from the General Revenue Fund to the Pension
11 Stabilization Fund the amount transferred under this
12 subsection (c-5) in the previous fiscal year increased by 1.5%.

13 (c-10) In addition, in Fiscal Year 2016 and each fiscal
14 year thereafter, the State Comptroller shall order transferred
15 and the State Treasurer shall transfer \$693,500,000 from the
16 General Revenue Fund to the Pension Stabilization Fund.

17 (c-15) In addition, in Fiscal Year 2020 and each fiscal
18 year thereafter, the State Comptroller shall order transferred
19 and the State Treasurer shall transfer \$900,000,000 from the
20 General Revenue Fund to the Pension Stabilization Fund.

21 (c-20) In addition, in Fiscal Year 2034 and each fiscal
22 year thereafter, the State Comptroller shall order transferred
23 and the State Treasurer shall transfer \$1,100,000,000 from the
24 General Revenue Fund to the Pension Stabilization Fund.

25 (c-25) The transfers made pursuant to subsections (c-5)
26 through (c-20) of this Section shall continue until Fiscal Year

1 2043 or until each of the designated retirement systems, as
2 defined in Section 25, has achieved a funding ratio of at least
3 100%, whichever occurs first.

4 (d) The Comptroller shall transfer 1/12 of the total amount
5 to be transferred each fiscal year under this Section into the
6 Pension Stabilization Fund on the first day of each month of
7 that fiscal year or as soon thereafter as possible; except that
8 the final transfer of the fiscal year shall be made as soon as
9 practical after the August 31 following the end of the fiscal
10 year.

11 Until Fiscal Year 2013, before ~~Before~~ the final transfer
12 for a fiscal year is made, the Comptroller shall reconcile the
13 estimated general funds revenues used in calculating the other
14 transfers under this Section for that fiscal year with the
15 actual general funds revenues for that fiscal year. The final
16 transfer for the fiscal year shall be adjusted so that the
17 total amount transferred under this Section for that fiscal
18 year is equal to the percentage specified in subsection (b) or
19 (c) of this Section, whichever is applicable, of the actual
20 general funds revenues for that fiscal year. The actual general
21 funds revenues for the fiscal year shall be calculated in a
22 manner consistent with subsection (c) of Section 10 of this
23 Act.

24 (Source: P.A. 94-839, eff. 6-6-06.)

1 Sec. 25. Transfers from the Pension Stabilization Fund.

2 (a) As used in this Section, "designated retirement
3 systems" means:

4 (1) the State Employees' Retirement System of
5 Illinois;

6 (2) the Teachers' Retirement System of the State of
7 Illinois;

8 (3) the State Universities Retirement System;

9 (4) the Judges Retirement System of Illinois; and

10 (5) the General Assembly Retirement System.

11 (b) As soon as may be practical after any money is
12 deposited into the Pension Stabilization Fund, the State
13 Comptroller shall apportion the deposited amount among the
14 designated retirement systems and the State Comptroller and
15 State Treasurer shall pay the apportioned amounts to the
16 designated retirement systems. The amount deposited shall be
17 apportioned among the designated retirement systems in the same
18 proportion as their respective portions of the total actuarial
19 reserve deficiency of the designated retirement systems, as
20 most recently determined by the Governor's Office of Management
21 and Budget. Amounts received by a designated retirement system
22 under this Section shall be used for funding the unfunded
23 liabilities of the retirement system. Payments under this
24 Section are authorized by the continuing appropriation under
25 Section 1.7 of the State Pension Funds Continuing Appropriation
26 Act. The total amount transferred to the designated retirement

1 systems in Fiscal Year 2013 shall not be less than
2 \$4,000,000,000. In each Fiscal Year thereafter, the total
3 amount transferred to the designated retirement systems in
4 Fiscal Year 2013 shall not be less than the total amount
5 transferred in the previous fiscal year, increased by 3.75%.

6 (c) At the request of the State Comptroller, the Governor's
7 Office of Management and Budget shall determine the individual
8 and total actuarial reserve deficiencies of the designated
9 retirement systems. For this purpose, the Governor's Office of
10 Management and Budget shall consider the latest available audit
11 and actuarial reports of each of the retirement systems and the
12 relevant reports and statistics of the Public Pension Division
13 of the Department of Financial and Professional Regulation.

14 (d) Payments to the designated retirement systems under
15 this Section shall be in addition to, and not in lieu of, any
16 State contributions required under Section 2-124, 14-131,
17 15-155, 16-158, or 18-131 of the Illinois Pension Code.

18 (Source: P.A. 94-839, eff. 6-6-06.)

19 Section 10. The Use Tax Act is amended by changing Section
20 3-10 as follows:

21 (35 ILCS 105/3-10)

22 (Text of Section before amendment by P.A. 97-636)

23 Sec. 3-10. Rate of tax. Unless otherwise provided in this
24 Section, the tax imposed by this Act is at the rate of 6.25% of

1 either the selling price or the fair market value, if any, of
2 the tangible personal property. In all cases where property
3 functionally used or consumed is the same as the property that
4 was purchased at retail, then the tax is imposed on the selling
5 price of the property. In all cases where property functionally
6 used or consumed is a by-product or waste product that has been
7 refined, manufactured, or produced from property purchased at
8 retail, then the tax is imposed on the lower of the fair market
9 value, if any, of the specific property so used in this State
10 or on the selling price of the property purchased at retail.
11 For purposes of this Section "fair market value" means the
12 price at which property would change hands between a willing
13 buyer and a willing seller, neither being under any compulsion
14 to buy or sell and both having reasonable knowledge of the
15 relevant facts. The fair market value shall be established by
16 Illinois sales by the taxpayer of the same property as that
17 functionally used or consumed, or if there are no such sales by
18 the taxpayer, then comparable sales or purchases of property of
19 like kind and character in Illinois.

20 Beginning on July 1, 2000 and through December 31, 2000,
21 and beginning again on July 1, 2012, with respect to motor
22 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and
23 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
24 is imposed at the rate of 1.25%.

25 Beginning on August 6, 2010 through August 15, 2010, with
26 respect to sales tax holiday items as defined in Section 3-6 of

1 this Act, the tax is imposed at the rate of 1.25%.

2 With respect to gasohol, the tax imposed by this Act
3 applies to (i) 70% of the proceeds of sales made on or after
4 January 1, 1990, and before July 1, 2003, (ii) 80% of the
5 proceeds of sales made on or after July 1, 2003 and on or
6 before December 31, 2013, and (iii) 100% of the proceeds of
7 sales made thereafter. If, at any time, however, the tax under
8 this Act on sales of gasohol is imposed at the rate of 1.25%,
9 then the tax imposed by this Act applies to 100% of the
10 proceeds of sales of gasohol made during that time.

11 With respect to majority blended ethanol fuel, the tax
12 imposed by this Act does not apply to the proceeds of sales
13 made on or after July 1, 2003 and on or before December 31,
14 2013 but applies to 100% of the proceeds of sales made
15 thereafter.

16 With respect to biodiesel blends with no less than 1% and
17 no more than 10% biodiesel, the tax imposed by this Act applies
18 to (i) 80% of the proceeds of sales made on or after July 1,
19 2003 and on or before December 31, 2013 and (ii) 100% of the
20 proceeds of sales made thereafter. If, at any time, however,
21 the tax under this Act on sales of biodiesel blends with no
22 less than 1% and no more than 10% biodiesel is imposed at the
23 rate of 1.25%, then the tax imposed by this Act applies to 100%
24 of the proceeds of sales of biodiesel blends with no less than
25 1% and no more than 10% biodiesel made during that time.

26 With respect to 100% biodiesel and biodiesel blends with

1 more than 10% but no more than 99% biodiesel, the tax imposed
2 by this Act does not apply to the proceeds of sales made on or
3 after July 1, 2003 and on or before December 31, 2013 but
4 applies to 100% of the proceeds of sales made thereafter.

5 With respect to food for human consumption that is to be
6 consumed off the premises where it is sold (other than
7 alcoholic beverages, soft drinks, and food that has been
8 prepared for immediate consumption) and prescription and
9 nonprescription medicines, drugs, medical appliances,
10 modifications to a motor vehicle for the purpose of rendering
11 it usable by a disabled person, and insulin, urine testing
12 materials, syringes, and needles used by diabetics, for human
13 use, the tax is imposed at the rate of 1%. For the purposes of
14 this Section, until September 1, 2009: the term "soft drinks"
15 means any complete, finished, ready-to-use, non-alcoholic
16 drink, whether carbonated or not, including but not limited to
17 soda water, cola, fruit juice, vegetable juice, carbonated
18 water, and all other preparations commonly known as soft drinks
19 of whatever kind or description that are contained in any
20 closed or sealed bottle, can, carton, or container, regardless
21 of size; but "soft drinks" does not include coffee, tea,
22 non-carbonated water, infant formula, milk or milk products as
23 defined in the Grade A Pasteurized Milk and Milk Products Act,
24 or drinks containing 50% or more natural fruit or vegetable
25 juice.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "soft drinks" means non-alcoholic
2 beverages that contain natural or artificial sweeteners. "Soft
3 drinks" do not include beverages that contain milk or milk
4 products, soy, rice or similar milk substitutes, or greater
5 than 50% of vegetable or fruit juice by volume.

6 Until August 1, 2009, and notwithstanding any other
7 provisions of this Act, "food for human consumption that is to
8 be consumed off the premises where it is sold" includes all
9 food sold through a vending machine, except soft drinks and
10 food products that are dispensed hot from a vending machine,
11 regardless of the location of the vending machine. Beginning
12 August 1, 2009, and notwithstanding any other provisions of
13 this Act, "food for human consumption that is to be consumed
14 off the premises where it is sold" includes all food sold
15 through a vending machine, except soft drinks, candy, and food
16 products that are dispensed hot from a vending machine,
17 regardless of the location of the vending machine.

18 Notwithstanding any other provisions of this Act,
19 beginning September 1, 2009, "food for human consumption that
20 is to be consumed off the premises where it is sold" does not
21 include candy. For purposes of this Section, "candy" means a
22 preparation of sugar, honey, or other natural or artificial
23 sweeteners in combination with chocolate, fruits, nuts or other
24 ingredients or flavorings in the form of bars, drops, or
25 pieces. "Candy" does not include any preparation that contains
26 flour or requires refrigeration.

1 Notwithstanding any other provisions of this Act,
2 beginning September 1, 2009, "nonprescription medicines and
3 drugs" does not include grooming and hygiene products. For
4 purposes of this Section, "grooming and hygiene products"
5 includes, but is not limited to, soaps and cleaning solutions,
6 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
7 lotions and screens, unless those products are available by
8 prescription only, regardless of whether the products meet the
9 definition of "over-the-counter-drugs". For the purposes of
10 this paragraph, "over-the-counter-drug" means a drug for human
11 use that contains a label that identifies the product as a drug
12 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
13 label includes:

- 14 (A) A "Drug Facts" panel; or
15 (B) A statement of the "active ingredient(s)" with a
16 list of those ingredients contained in the compound,
17 substance or preparation.

18 If the property that is purchased at retail from a retailer
19 is acquired outside Illinois and used outside Illinois before
20 being brought to Illinois for use here and is taxable under
21 this Act, the "selling price" on which the tax is computed
22 shall be reduced by an amount that represents a reasonable
23 allowance for depreciation for the period of prior out-of-state
24 use.

25 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
26 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1012, eff. 7-7-10.)

1 (Text of Section after amendment by P.A. 97-636)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 either the selling price or the fair market value, if any, of
5 the tangible personal property. In all cases where property
6 functionally used or consumed is the same as the property that
7 was purchased at retail, then the tax is imposed on the selling
8 price of the property. In all cases where property functionally
9 used or consumed is a by-product or waste product that has been
10 refined, manufactured, or produced from property purchased at
11 retail, then the tax is imposed on the lower of the fair market
12 value, if any, of the specific property so used in this State
13 or on the selling price of the property purchased at retail.
14 For purposes of this Section "fair market value" means the
15 price at which property would change hands between a willing
16 buyer and a willing seller, neither being under any compulsion
17 to buy or sell and both having reasonable knowledge of the
18 relevant facts. The fair market value shall be established by
19 Illinois sales by the taxpayer of the same property as that
20 functionally used or consumed, or if there are no such sales by
21 the taxpayer, then comparable sales or purchases of property of
22 like kind and character in Illinois.

23 Beginning on July 1, 2000 and through December 31, 2000,
24 and beginning again on July 1, 2012, with respect to motor
25 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and

1 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
2 is imposed at the rate of 1.25%.

3 Beginning on August 6, 2010 through August 15, 2010, with
4 respect to sales tax holiday items as defined in Section 3-6 of
5 this Act, the tax is imposed at the rate of 1.25%.

6 With respect to gasohol, the tax imposed by this Act
7 applies to (i) 70% of the proceeds of sales made on or after
8 January 1, 1990, and before July 1, 2003, (ii) 80% of the
9 proceeds of sales made on or after July 1, 2003 and on or
10 before December 31, 2018, and (iii) 100% of the proceeds of
11 sales made thereafter. If, at any time, however, the tax under
12 this Act on sales of gasohol is imposed at the rate of 1.25%,
13 then the tax imposed by this Act applies to 100% of the
14 proceeds of sales of gasohol made during that time.

15 With respect to majority blended ethanol fuel, the tax
16 imposed by this Act does not apply to the proceeds of sales
17 made on or after July 1, 2003 and on or before December 31,
18 2018 but applies to 100% of the proceeds of sales made
19 thereafter.

20 With respect to biodiesel blends with no less than 1% and
21 no more than 10% biodiesel, the tax imposed by this Act applies
22 to (i) 80% of the proceeds of sales made on or after July 1,
23 2003 and on or before December 31, 2018 and (ii) 100% of the
24 proceeds of sales made thereafter. If, at any time, however,
25 the tax under this Act on sales of biodiesel blends with no
26 less than 1% and no more than 10% biodiesel is imposed at the

1 rate of 1.25%, then the tax imposed by this Act applies to 100%
2 of the proceeds of sales of biodiesel blends with no less than
3 1% and no more than 10% biodiesel made during that time.

4 With respect to 100% biodiesel and biodiesel blends with
5 more than 10% but no more than 99% biodiesel, the tax imposed
6 by this Act does not apply to the proceeds of sales made on or
7 after July 1, 2003 and on or before December 31, 2018 but
8 applies to 100% of the proceeds of sales made thereafter.

9 With respect to food for human consumption that is to be
10 consumed off the premises where it is sold (other than
11 alcoholic beverages, soft drinks, and food that has been
12 prepared for immediate consumption) and prescription and
13 nonprescription medicines, drugs, medical appliances,
14 modifications to a motor vehicle for the purpose of rendering
15 it usable by a disabled person, and insulin, urine testing
16 materials, syringes, and needles used by diabetics, for human
17 use, the tax is imposed at the rate of 1%. For the purposes of
18 this Section, until September 1, 2009: the term "soft drinks"
19 means any complete, finished, ready-to-use, non-alcoholic
20 drink, whether carbonated or not, including but not limited to
21 soda water, cola, fruit juice, vegetable juice, carbonated
22 water, and all other preparations commonly known as soft drinks
23 of whatever kind or description that are contained in any
24 closed or sealed bottle, can, carton, or container, regardless
25 of size; but "soft drinks" does not include coffee, tea,
26 non-carbonated water, infant formula, milk or milk products as

1 defined in the Grade A Pasteurized Milk and Milk Products Act,
2 or drinks containing 50% or more natural fruit or vegetable
3 juice.

4 Notwithstanding any other provisions of this Act,
5 beginning September 1, 2009, "soft drinks" means non-alcoholic
6 beverages that contain natural or artificial sweeteners. "Soft
7 drinks" do not include beverages that contain milk or milk
8 products, soy, rice or similar milk substitutes, or greater
9 than 50% of vegetable or fruit juice by volume.

10 Until August 1, 2009, and notwithstanding any other
11 provisions of this Act, "food for human consumption that is to
12 be consumed off the premises where it is sold" includes all
13 food sold through a vending machine, except soft drinks and
14 food products that are dispensed hot from a vending machine,
15 regardless of the location of the vending machine. Beginning
16 August 1, 2009, and notwithstanding any other provisions of
17 this Act, "food for human consumption that is to be consumed
18 off the premises where it is sold" includes all food sold
19 through a vending machine, except soft drinks, candy, and food
20 products that are dispensed hot from a vending machine,
21 regardless of the location of the vending machine.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "food for human consumption that
24 is to be consumed off the premises where it is sold" does not
25 include candy. For purposes of this Section, "candy" means a
26 preparation of sugar, honey, or other natural or artificial

1 sweeteners in combination with chocolate, fruits, nuts or other
2 ingredients or flavorings in the form of bars, drops, or
3 pieces. "Candy" does not include any preparation that contains
4 flour or requires refrigeration.

5 Notwithstanding any other provisions of this Act,
6 beginning September 1, 2009, "nonprescription medicines and
7 drugs" does not include grooming and hygiene products. For
8 purposes of this Section, "grooming and hygiene products"
9 includes, but is not limited to, soaps and cleaning solutions,
10 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
11 lotions and screens, unless those products are available by
12 prescription only, regardless of whether the products meet the
13 definition of "over-the-counter-drugs". For the purposes of
14 this paragraph, "over-the-counter-drug" means a drug for human
15 use that contains a label that identifies the product as a drug
16 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
17 label includes:

18 (A) A "Drug Facts" panel; or

19 (B) A statement of the "active ingredient(s)" with a
20 list of those ingredients contained in the compound,
21 substance or preparation.

22 If the property that is purchased at retail from a retailer
23 is acquired outside Illinois and used outside Illinois before
24 being brought to Illinois for use here and is taxable under
25 this Act, the "selling price" on which the tax is computed
26 shall be reduced by an amount that represents a reasonable

1 allowance for depreciation for the period of prior out-of-state
2 use.

3 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
4 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1012, eff. 7-7-10;
5 97-636, eff. 6-1-12.)

6 Section 15. The Service Use Tax Act is amended by changing
7 Section 3-10 as follows:

8 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

9 (Text of Section before amendment by P.A. 97-636)

10 Sec. 3-10. Rate of tax. Unless otherwise provided in this
11 Section, the tax imposed by this Act is at the rate of 6.25% of
12 the selling price of tangible personal property transferred as
13 an incident to the sale of service, but, for the purpose of
14 computing this tax, in no event shall the selling price be less
15 than the cost price of the property to the serviceman.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 and beginning again on July 1, 2012, with respect to motor
18 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and
19 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
20 is imposed at the rate of 1.25%.

21 With respect to gasohol, as defined in the Use Tax Act, the
22 tax imposed by this Act applies to (i) 70% of the selling price
23 of property transferred as an incident to the sale of service
24 on or after January 1, 1990, and before July 1, 2003, (ii) 80%

1 of the selling price of property transferred as an incident to
2 the sale of service on or after July 1, 2003 and on or before
3 December 31, 2013, and (iii) 100% of the selling price
4 thereafter. If, at any time, however, the tax under this Act on
5 sales of gasohol, as defined in the Use Tax Act, is imposed at
6 the rate of 1.25%, then the tax imposed by this Act applies to
7 100% of the proceeds of sales of gasohol made during that time.

8 With respect to majority blended ethanol fuel, as defined
9 in the Use Tax Act, the tax imposed by this Act does not apply
10 to the selling price of property transferred as an incident to
11 the sale of service on or after July 1, 2003 and on or before
12 December 31, 2013 but applies to 100% of the selling price
13 thereafter.

14 With respect to biodiesel blends, as defined in the Use Tax
15 Act, with no less than 1% and no more than 10% biodiesel, the
16 tax imposed by this Act applies to (i) 80% of the selling price
17 of property transferred as an incident to the sale of service
18 on or after July 1, 2003 and on or before December 31, 2013 and
19 (ii) 100% of the proceeds of the selling price thereafter. If,
20 at any time, however, the tax under this Act on sales of
21 biodiesel blends, as defined in the Use Tax Act, with no less
22 than 1% and no more than 10% biodiesel is imposed at the rate
23 of 1.25%, then the tax imposed by this Act applies to 100% of
24 the proceeds of sales of biodiesel blends with no less than 1%
25 and no more than 10% biodiesel made during that time.

26 With respect to 100% biodiesel, as defined in the Use Tax

1 Act, and biodiesel blends, as defined in the Use Tax Act, with
2 more than 10% but no more than 99% biodiesel, the tax imposed
3 by this Act does not apply to the proceeds of the selling price
4 of property transferred as an incident to the sale of service
5 on or after July 1, 2003 and on or before December 31, 2013 but
6 applies to 100% of the selling price thereafter.

7 At the election of any registered serviceman made for each
8 fiscal year, sales of service in which the aggregate annual
9 cost price of tangible personal property transferred as an
10 incident to the sales of service is less than 35%, or 75% in
11 the case of servicemen transferring prescription drugs or
12 servicemen engaged in graphic arts production, of the aggregate
13 annual total gross receipts from all sales of service, the tax
14 imposed by this Act shall be based on the serviceman's cost
15 price of the tangible personal property transferred as an
16 incident to the sale of those services.

17 The tax shall be imposed at the rate of 1% on food prepared
18 for immediate consumption and transferred incident to a sale of
19 service subject to this Act or the Service Occupation Tax Act
20 by an entity licensed under the Hospital Licensing Act, the
21 Nursing Home Care Act, the ID/DD Community Care Act, the
22 Specialized Mental Health Rehabilitation Act, or the Child Care
23 Act of 1969. The tax shall also be imposed at the rate of 1% on
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages, soft
26 drinks, and food that has been prepared for immediate

1 consumption and is not otherwise included in this paragraph)
2 and prescription and nonprescription medicines, drugs, medical
3 appliances, modifications to a motor vehicle for the purpose of
4 rendering it usable by a disabled person, and insulin, urine
5 testing materials, syringes, and needles used by diabetics, for
6 human use. For the purposes of this Section, until September 1,
7 2009: the term "soft drinks" means any complete, finished,
8 ready-to-use, non-alcoholic drink, whether carbonated or not,
9 including but not limited to soda water, cola, fruit juice,
10 vegetable juice, carbonated water, and all other preparations
11 commonly known as soft drinks of whatever kind or description
12 that are contained in any closed or sealed bottle, can, carton,
13 or container, regardless of size; but "soft drinks" does not
14 include coffee, tea, non-carbonated water, infant formula,
15 milk or milk products as defined in the Grade A Pasteurized
16 Milk and Milk Products Act, or drinks containing 50% or more
17 natural fruit or vegetable juice.

18 Notwithstanding any other provisions of this Act,
19 beginning September 1, 2009, "soft drinks" means non-alcoholic
20 beverages that contain natural or artificial sweeteners. "Soft
21 drinks" do not include beverages that contain milk or milk
22 products, soy, rice or similar milk substitutes, or greater
23 than 50% of vegetable or fruit juice by volume.

24 Until August 1, 2009, and notwithstanding any other
25 provisions of this Act, "food for human consumption that is to
26 be consumed off the premises where it is sold" includes all

1 food sold through a vending machine, except soft drinks and
2 food products that are dispensed hot from a vending machine,
3 regardless of the location of the vending machine. Beginning
4 August 1, 2009, and notwithstanding any other provisions of
5 this Act, "food for human consumption that is to be consumed
6 off the premises where it is sold" includes all food sold
7 through a vending machine, except soft drinks, candy, and food
8 products that are dispensed hot from a vending machine,
9 regardless of the location of the vending machine.

10 Notwithstanding any other provisions of this Act,
11 beginning September 1, 2009, "food for human consumption that
12 is to be consumed off the premises where it is sold" does not
13 include candy. For purposes of this Section, "candy" means a
14 preparation of sugar, honey, or other natural or artificial
15 sweeteners in combination with chocolate, fruits, nuts or other
16 ingredients or flavorings in the form of bars, drops, or
17 pieces. "Candy" does not include any preparation that contains
18 flour or requires refrigeration.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "nonprescription medicines and
21 drugs" does not include grooming and hygiene products. For
22 purposes of this Section, "grooming and hygiene products"
23 includes, but is not limited to, soaps and cleaning solutions,
24 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
25 lotions and screens, unless those products are available by
26 prescription only, regardless of whether the products meet the

1 definition of "over-the-counter-drugs". For the purposes of
2 this paragraph, "over-the-counter-drug" means a drug for human
3 use that contains a label that identifies the product as a drug
4 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
5 label includes:

6 (A) A "Drug Facts" panel; or

7 (B) A statement of the "active ingredient(s)" with a
8 list of those ingredients contained in the compound,
9 substance or preparation.

10 If the property that is acquired from a serviceman is
11 acquired outside Illinois and used outside Illinois before
12 being brought to Illinois for use here and is taxable under
13 this Act, the "selling price" on which the tax is computed
14 shall be reduced by an amount that represents a reasonable
15 allowance for depreciation for the period of prior out-of-state
16 use.

17 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
18 eff. 7-13-09; 96-339, eff. 7-1-10; 96-1000, eff. 7-2-10; 97-38,
19 eff. 6-28-11; 97-227, eff. 1-1-12; revised 9-12-11.)

20 (Text of Section after amendment by P.A. 97-636)

21 Sec. 3-10. Rate of tax. Unless otherwise provided in this
22 Section, the tax imposed by this Act is at the rate of 6.25% of
23 the selling price of tangible personal property transferred as
24 an incident to the sale of service, but, for the purpose of
25 computing this tax, in no event shall the selling price be less

1 than the cost price of the property to the serviceman.

2 Beginning on July 1, 2000 and through December 31, 2000,
3 and beginning again on July 1, 2012, with respect to motor
4 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and
5 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
6 is imposed at the rate of 1.25%.

7 With respect to gasohol, as defined in the Use Tax Act, the
8 tax imposed by this Act applies to (i) 70% of the selling price
9 of property transferred as an incident to the sale of service
10 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
11 of the selling price of property transferred as an incident to
12 the sale of service on or after July 1, 2003 and on or before
13 December 31, 2018, and (iii) 100% of the selling price
14 thereafter. If, at any time, however, the tax under this Act on
15 sales of gasohol, as defined in the Use Tax Act, is imposed at
16 the rate of 1.25%, then the tax imposed by this Act applies to
17 100% of the proceeds of sales of gasohol made during that time.

18 With respect to majority blended ethanol fuel, as defined
19 in the Use Tax Act, the tax imposed by this Act does not apply
20 to the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 December 31, 2018 but applies to 100% of the selling price
23 thereafter.

24 With respect to biodiesel blends, as defined in the Use Tax
25 Act, with no less than 1% and no more than 10% biodiesel, the
26 tax imposed by this Act applies to (i) 80% of the selling price

1 of property transferred as an incident to the sale of service
2 on or after July 1, 2003 and on or before December 31, 2018 and
3 (ii) 100% of the proceeds of the selling price thereafter. If,
4 at any time, however, the tax under this Act on sales of
5 biodiesel blends, as defined in the Use Tax Act, with no less
6 than 1% and no more than 10% biodiesel is imposed at the rate
7 of 1.25%, then the tax imposed by this Act applies to 100% of
8 the proceeds of sales of biodiesel blends with no less than 1%
9 and no more than 10% biodiesel made during that time.

10 With respect to 100% biodiesel, as defined in the Use Tax
11 Act, and biodiesel blends, as defined in the Use Tax Act, with
12 more than 10% but no more than 99% biodiesel, the tax imposed
13 by this Act does not apply to the proceeds of the selling price
14 of property transferred as an incident to the sale of service
15 on or after July 1, 2003 and on or before December 31, 2018 but
16 applies to 100% of the selling price thereafter.

17 At the election of any registered serviceman made for each
18 fiscal year, sales of service in which the aggregate annual
19 cost price of tangible personal property transferred as an
20 incident to the sales of service is less than 35%, or 75% in
21 the case of servicemen transferring prescription drugs or
22 servicemen engaged in graphic arts production, of the aggregate
23 annual total gross receipts from all sales of service, the tax
24 imposed by this Act shall be based on the serviceman's cost
25 price of the tangible personal property transferred as an
26 incident to the sale of those services.

1 The tax shall be imposed at the rate of 1% on food prepared
2 for immediate consumption and transferred incident to a sale of
3 service subject to this Act or the Service Occupation Tax Act
4 by an entity licensed under the Hospital Licensing Act, the
5 Nursing Home Care Act, the ID/DD Community Care Act, the
6 Specialized Mental Health Rehabilitation Act, or the Child Care
7 Act of 1969. The tax shall also be imposed at the rate of 1% on
8 food for human consumption that is to be consumed off the
9 premises where it is sold (other than alcoholic beverages, soft
10 drinks, and food that has been prepared for immediate
11 consumption and is not otherwise included in this paragraph)
12 and prescription and nonprescription medicines, drugs, medical
13 appliances, modifications to a motor vehicle for the purpose of
14 rendering it usable by a disabled person, and insulin, urine
15 testing materials, syringes, and needles used by diabetics, for
16 human use. For the purposes of this Section, until September 1,
17 2009: the term "soft drinks" means any complete, finished,
18 ready-to-use, non-alcoholic drink, whether carbonated or not,
19 including but not limited to soda water, cola, fruit juice,
20 vegetable juice, carbonated water, and all other preparations
21 commonly known as soft drinks of whatever kind or description
22 that are contained in any closed or sealed bottle, can, carton,
23 or container, regardless of size; but "soft drinks" does not
24 include coffee, tea, non-carbonated water, infant formula,
25 milk or milk products as defined in the Grade A Pasteurized
26 Milk and Milk Products Act, or drinks containing 50% or more

1 natural fruit or vegetable juice.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "soft drinks" means non-alcoholic
4 beverages that contain natural or artificial sweeteners. "Soft
5 drinks" do not include beverages that contain milk or milk
6 products, soy, rice or similar milk substitutes, or greater
7 than 50% of vegetable or fruit juice by volume.

8 Until August 1, 2009, and notwithstanding any other
9 provisions of this Act, "food for human consumption that is to
10 be consumed off the premises where it is sold" includes all
11 food sold through a vending machine, except soft drinks and
12 food products that are dispensed hot from a vending machine,
13 regardless of the location of the vending machine. Beginning
14 August 1, 2009, and notwithstanding any other provisions of
15 this Act, "food for human consumption that is to be consumed
16 off the premises where it is sold" includes all food sold
17 through a vending machine, except soft drinks, candy, and food
18 products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "food for human consumption that
22 is to be consumed off the premises where it is sold" does not
23 include candy. For purposes of this Section, "candy" means a
24 preparation of sugar, honey, or other natural or artificial
25 sweeteners in combination with chocolate, fruits, nuts or other
26 ingredients or flavorings in the form of bars, drops, or

1 pieces. "Candy" does not include any preparation that contains
2 flour or requires refrigeration.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "nonprescription medicines and
5 drugs" does not include grooming and hygiene products. For
6 purposes of this Section, "grooming and hygiene products"
7 includes, but is not limited to, soaps and cleaning solutions,
8 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
9 lotions and screens, unless those products are available by
10 prescription only, regardless of whether the products meet the
11 definition of "over-the-counter-drugs". For the purposes of
12 this paragraph, "over-the-counter-drug" means a drug for human
13 use that contains a label that identifies the product as a drug
14 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
15 label includes:

- 16 (A) A "Drug Facts" panel; or
17 (B) A statement of the "active ingredient(s)" with a
18 list of those ingredients contained in the compound,
19 substance or preparation.

20 If the property that is acquired from a serviceman is
21 acquired outside Illinois and used outside Illinois before
22 being brought to Illinois for use here and is taxable under
23 this Act, the "selling price" on which the tax is computed
24 shall be reduced by an amount that represents a reasonable
25 allowance for depreciation for the period of prior out-of-state
26 use.

1 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
2 eff. 7-13-09; 96-339, eff. 7-1-10; 96-1000, eff. 7-2-10; 97-38,
3 eff. 6-28-11; 97-227, eff. 1-1-12; 97-636, eff. 6-1-12.)

4 Section 20. The Service Occupation Tax Act is amended by
5 changing Section 3-10 as follows:

6 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

7 (Text of Section before amendment by P.A. 97-636)

8 Sec. 3-10. Rate of tax. Unless otherwise provided in this
9 Section, the tax imposed by this Act is at the rate of 6.25% of
10 the "selling price", as defined in Section 2 of the Service Use
11 Tax Act, of the tangible personal property. For the purpose of
12 computing this tax, in no event shall the "selling price" be
13 less than the cost price to the serviceman of the tangible
14 personal property transferred. The selling price of each item
15 of tangible personal property transferred as an incident of a
16 sale of service may be shown as a distinct and separate item on
17 the serviceman's billing to the service customer. If the
18 selling price is not so shown, the selling price of the
19 tangible personal property is deemed to be 50% of the
20 serviceman's entire billing to the service customer. When,
21 however, a serviceman contracts to design, develop, and produce
22 special order machinery or equipment, the tax imposed by this
23 Act shall be based on the serviceman's cost price of the
24 tangible personal property transferred incident to the

1 completion of the contract.

2 Beginning on July 1, 2000 and through December 31, 2000,
3 and beginning again on July 1, 2012, with respect to motor
4 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and
5 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
6 is imposed at the rate of 1.25%.

7 With respect to gasohol, as defined in the Use Tax Act, the
8 tax imposed by this Act shall apply to (i) 70% of the cost
9 price of property transferred as an incident to the sale of
10 service on or after January 1, 1990, and before July 1, 2003,
11 (ii) 80% of the selling price of property transferred as an
12 incident to the sale of service on or after July 1, 2003 and on
13 or before December 31, 2013, and (iii) 100% of the cost price
14 thereafter. If, at any time, however, the tax under this Act on
15 sales of gasohol, as defined in the Use Tax Act, is imposed at
16 the rate of 1.25%, then the tax imposed by this Act applies to
17 100% of the proceeds of sales of gasohol made during that time.

18 With respect to majority blended ethanol fuel, as defined
19 in the Use Tax Act, the tax imposed by this Act does not apply
20 to the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 December 31, 2013 but applies to 100% of the selling price
23 thereafter.

24 With respect to biodiesel blends, as defined in the Use Tax
25 Act, with no less than 1% and no more than 10% biodiesel, the
26 tax imposed by this Act applies to (i) 80% of the selling price

1 of property transferred as an incident to the sale of service
2 on or after July 1, 2003 and on or before December 31, 2013 and
3 (ii) 100% of the proceeds of the selling price thereafter. If,
4 at any time, however, the tax under this Act on sales of
5 biodiesel blends, as defined in the Use Tax Act, with no less
6 than 1% and no more than 10% biodiesel is imposed at the rate
7 of 1.25%, then the tax imposed by this Act applies to 100% of
8 the proceeds of sales of biodiesel blends with no less than 1%
9 and no more than 10% biodiesel made during that time.

10 With respect to 100% biodiesel, as defined in the Use Tax
11 Act, and biodiesel blends, as defined in the Use Tax Act, with
12 more than 10% but no more than 99% biodiesel material, the tax
13 imposed by this Act does not apply to the proceeds of the
14 selling price of property transferred as an incident to the
15 sale of service on or after July 1, 2003 and on or before
16 December 31, 2013 but applies to 100% of the selling price
17 thereafter.

18 At the election of any registered serviceman made for each
19 fiscal year, sales of service in which the aggregate annual
20 cost price of tangible personal property transferred as an
21 incident to the sales of service is less than 35%, or 75% in
22 the case of servicemen transferring prescription drugs or
23 servicemen engaged in graphic arts production, of the aggregate
24 annual total gross receipts from all sales of service, the tax
25 imposed by this Act shall be based on the serviceman's cost
26 price of the tangible personal property transferred incident to

1 the sale of those services.

2 The tax shall be imposed at the rate of 1% on food prepared
3 for immediate consumption and transferred incident to a sale of
4 service subject to this Act or the Service Occupation Tax Act
5 by an entity licensed under the Hospital Licensing Act, the
6 Nursing Home Care Act, the ID/DD Community Care Act, the
7 Specialized Mental Health Rehabilitation Act, or the Child Care
8 Act of 1969. The tax shall also be imposed at the rate of 1% on
9 food for human consumption that is to be consumed off the
10 premises where it is sold (other than alcoholic beverages, soft
11 drinks, and food that has been prepared for immediate
12 consumption and is not otherwise included in this paragraph)
13 and prescription and nonprescription medicines, drugs, medical
14 appliances, modifications to a motor vehicle for the purpose of
15 rendering it usable by a disabled person, and insulin, urine
16 testing materials, syringes, and needles used by diabetics, for
17 human use. For the purposes of this Section, until September 1,
18 2009: the term "soft drinks" means any complete, finished,
19 ready-to-use, non-alcoholic drink, whether carbonated or not,
20 including but not limited to soda water, cola, fruit juice,
21 vegetable juice, carbonated water, and all other preparations
22 commonly known as soft drinks of whatever kind or description
23 that are contained in any closed or sealed can, carton, or
24 container, regardless of size; but "soft drinks" does not
25 include coffee, tea, non-carbonated water, infant formula,
26 milk or milk products as defined in the Grade A Pasteurized

1 Milk and Milk Products Act, or drinks containing 50% or more
2 natural fruit or vegetable juice.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "soft drinks" means non-alcoholic
5 beverages that contain natural or artificial sweeteners. "Soft
6 drinks" do not include beverages that contain milk or milk
7 products, soy, rice or similar milk substitutes, or greater
8 than 50% of vegetable or fruit juice by volume.

9 Until August 1, 2009, and notwithstanding any other
10 provisions of this Act, "food for human consumption that is to
11 be consumed off the premises where it is sold" includes all
12 food sold through a vending machine, except soft drinks and
13 food products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine. Beginning
15 August 1, 2009, and notwithstanding any other provisions of
16 this Act, "food for human consumption that is to be consumed
17 off the premises where it is sold" includes all food sold
18 through a vending machine, except soft drinks, candy, and food
19 products that are dispensed hot from a vending machine,
20 regardless of the location of the vending machine.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "food for human consumption that
23 is to be consumed off the premises where it is sold" does not
24 include candy. For purposes of this Section, "candy" means a
25 preparation of sugar, honey, or other natural or artificial
26 sweeteners in combination with chocolate, fruits, nuts or other

1 ingredients or flavorings in the form of bars, drops, or
2 pieces. "Candy" does not include any preparation that contains
3 flour or requires refrigeration.

4 Notwithstanding any other provisions of this Act,
5 beginning September 1, 2009, "nonprescription medicines and
6 drugs" does not include grooming and hygiene products. For
7 purposes of this Section, "grooming and hygiene products"
8 includes, but is not limited to, soaps and cleaning solutions,
9 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
10 lotions and screens, unless those products are available by
11 prescription only, regardless of whether the products meet the
12 definition of "over-the-counter-drugs". For the purposes of
13 this paragraph, "over-the-counter-drug" means a drug for human
14 use that contains a label that identifies the product as a drug
15 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
16 label includes:

17 (A) A "Drug Facts" panel; or

18 (B) A statement of the "active ingredient(s)" with a
19 list of those ingredients contained in the compound,
20 substance or preparation.

21 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
22 eff. 7-13-09; 96-339, eff. 7-1-10; 96-1000, eff. 7-2-10; 97-38,
23 eff. 6-28-11; 97-227, eff. 1-1-12; revised 9-12-11.)

24 (Text of Section after amendment by P.A. 97-636)

25 Sec. 3-10. Rate of tax. Unless otherwise provided in this

1 Section, the tax imposed by this Act is at the rate of 6.25% of
2 the "selling price", as defined in Section 2 of the Service Use
3 Tax Act, of the tangible personal property. For the purpose of
4 computing this tax, in no event shall the "selling price" be
5 less than the cost price to the serviceman of the tangible
6 personal property transferred. The selling price of each item
7 of tangible personal property transferred as an incident of a
8 sale of service may be shown as a distinct and separate item on
9 the serviceman's billing to the service customer. If the
10 selling price is not so shown, the selling price of the
11 tangible personal property is deemed to be 50% of the
12 serviceman's entire billing to the service customer. When,
13 however, a serviceman contracts to design, develop, and produce
14 special order machinery or equipment, the tax imposed by this
15 Act shall be based on the serviceman's cost price of the
16 tangible personal property transferred incident to the
17 completion of the contract.

18 Beginning on July 1, 2000 and through December 31, 2000,
19 and beginning again on July 1, 2012, with respect to motor
20 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and
21 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
22 is imposed at the rate of 1.25%.

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act shall apply to (i) 70% of the cost
25 price of property transferred as an incident to the sale of
26 service on or after January 1, 1990, and before July 1, 2003,

1 (ii) 80% of the selling price of property transferred as an
2 incident to the sale of service on or after July 1, 2003 and on
3 or before December 31, 2018, and (iii) 100% of the cost price
4 thereafter. If, at any time, however, the tax under this Act on
5 sales of gasohol, as defined in the Use Tax Act, is imposed at
6 the rate of 1.25%, then the tax imposed by this Act applies to
7 100% of the proceeds of sales of gasohol made during that time.

8 With respect to majority blended ethanol fuel, as defined
9 in the Use Tax Act, the tax imposed by this Act does not apply
10 to the selling price of property transferred as an incident to
11 the sale of service on or after July 1, 2003 and on or before
12 December 31, 2018 but applies to 100% of the selling price
13 thereafter.

14 With respect to biodiesel blends, as defined in the Use Tax
15 Act, with no less than 1% and no more than 10% biodiesel, the
16 tax imposed by this Act applies to (i) 80% of the selling price
17 of property transferred as an incident to the sale of service
18 on or after July 1, 2003 and on or before December 31, 2018 and
19 (ii) 100% of the proceeds of the selling price thereafter. If,
20 at any time, however, the tax under this Act on sales of
21 biodiesel blends, as defined in the Use Tax Act, with no less
22 than 1% and no more than 10% biodiesel is imposed at the rate
23 of 1.25%, then the tax imposed by this Act applies to 100% of
24 the proceeds of sales of biodiesel blends with no less than 1%
25 and no more than 10% biodiesel made during that time.

26 With respect to 100% biodiesel, as defined in the Use Tax

1 Act, and biodiesel blends, as defined in the Use Tax Act, with
2 more than 10% but no more than 99% biodiesel material, the tax
3 imposed by this Act does not apply to the proceeds of the
4 selling price of property transferred as an incident to the
5 sale of service on or after July 1, 2003 and on or before
6 December 31, 2018 but applies to 100% of the selling price
7 thereafter.

8 At the election of any registered serviceman made for each
9 fiscal year, sales of service in which the aggregate annual
10 cost price of tangible personal property transferred as an
11 incident to the sales of service is less than 35%, or 75% in
12 the case of servicemen transferring prescription drugs or
13 servicemen engaged in graphic arts production, of the aggregate
14 annual total gross receipts from all sales of service, the tax
15 imposed by this Act shall be based on the serviceman's cost
16 price of the tangible personal property transferred incident to
17 the sale of those services.

18 The tax shall be imposed at the rate of 1% on food prepared
19 for immediate consumption and transferred incident to a sale of
20 service subject to this Act or the Service Occupation Tax Act
21 by an entity licensed under the Hospital Licensing Act, the
22 Nursing Home Care Act, the ID/DD Community Care Act, the
23 Specialized Mental Health Rehabilitation Act, or the Child Care
24 Act of 1969. The tax shall also be imposed at the rate of 1% on
25 food for human consumption that is to be consumed off the
26 premises where it is sold (other than alcoholic beverages, soft

1 drinks, and food that has been prepared for immediate
2 consumption and is not otherwise included in this paragraph)
3 and prescription and nonprescription medicines, drugs, medical
4 appliances, modifications to a motor vehicle for the purpose of
5 rendering it usable by a disabled person, and insulin, urine
6 testing materials, syringes, and needles used by diabetics, for
7 human use. For the purposes of this Section, until September 1,
8 2009: the term "soft drinks" means any complete, finished,
9 ready-to-use, non-alcoholic drink, whether carbonated or not,
10 including but not limited to soda water, cola, fruit juice,
11 vegetable juice, carbonated water, and all other preparations
12 commonly known as soft drinks of whatever kind or description
13 that are contained in any closed or sealed can, carton, or
14 container, regardless of size; but "soft drinks" does not
15 include coffee, tea, non-carbonated water, infant formula,
16 milk or milk products as defined in the Grade A Pasteurized
17 Milk and Milk Products Act, or drinks containing 50% or more
18 natural fruit or vegetable juice.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "soft drinks" means non-alcoholic
21 beverages that contain natural or artificial sweeteners. "Soft
22 drinks" do not include beverages that contain milk or milk
23 products, soy, rice or similar milk substitutes, or greater
24 than 50% of vegetable or fruit juice by volume.

25 Until August 1, 2009, and notwithstanding any other
26 provisions of this Act, "food for human consumption that is to

1 be consumed off the premises where it is sold" includes all
2 food sold through a vending machine, except soft drinks and
3 food products that are dispensed hot from a vending machine,
4 regardless of the location of the vending machine. Beginning
5 August 1, 2009, and notwithstanding any other provisions of
6 this Act, "food for human consumption that is to be consumed
7 off the premises where it is sold" includes all food sold
8 through a vending machine, except soft drinks, candy, and food
9 products that are dispensed hot from a vending machine,
10 regardless of the location of the vending machine.

11 Notwithstanding any other provisions of this Act,
12 beginning September 1, 2009, "food for human consumption that
13 is to be consumed off the premises where it is sold" does not
14 include candy. For purposes of this Section, "candy" means a
15 preparation of sugar, honey, or other natural or artificial
16 sweeteners in combination with chocolate, fruits, nuts or other
17 ingredients or flavorings in the form of bars, drops, or
18 pieces. "Candy" does not include any preparation that contains
19 flour or requires refrigeration.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "nonprescription medicines and
22 drugs" does not include grooming and hygiene products. For
23 purposes of this Section, "grooming and hygiene products"
24 includes, but is not limited to, soaps and cleaning solutions,
25 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
26 lotions and screens, unless those products are available by

1 prescription only, regardless of whether the products meet the
2 definition of "over-the-counter-drugs". For the purposes of
3 this paragraph, "over-the-counter-drug" means a drug for human
4 use that contains a label that identifies the product as a drug
5 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
6 label includes:

7 (A) A "Drug Facts" panel; or

8 (B) A statement of the "active ingredient(s)" with a
9 list of those ingredients contained in the compound,
10 substance or preparation.

11 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
12 eff. 7-13-09; 96-339, eff. 7-1-10; 96-1000, eff. 7-2-10; 97-38,
13 eff. 6-28-11; 97-227, eff. 1-1-12; 97-636, eff. 6-1-12.)

14 Section 25. The Retailers' Occupation Tax Act is amended by
15 changing Section 2-10 as follows:

16 (35 ILCS 120/2-10)

17 (Text of Section before amendment by P.A. 97-636)

18 Sec. 2-10. Rate of tax. Unless otherwise provided in this
19 Section, the tax imposed by this Act is at the rate of 6.25% of
20 gross receipts from sales of tangible personal property made in
21 the course of business.

22 Beginning on July 1, 2000 and through December 31, 2000,
23 and beginning again on July 1, 2012, with respect to motor
24 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and

1 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
2 is imposed at the rate of 1.25%.

3 Beginning on August 6, 2010 through August 15, 2010, with
4 respect to sales tax holiday items as defined in Section 2-8 of
5 this Act, the tax is imposed at the rate of 1.25%.

6 Within 14 days after the effective date of this amendatory
7 Act of the 91st General Assembly, each retailer of motor fuel
8 and gasohol shall cause the following notice to be posted in a
9 prominently visible place on each retail dispensing device that
10 is used to dispense motor fuel or gasohol in the State of
11 Illinois: "As of July 1, 2000, the State of Illinois has
12 eliminated the State's share of sales tax on motor fuel and
13 gasohol through December 31, 2000. The price on this pump
14 should reflect the elimination of the tax." The notice shall be
15 printed in bold print on a sign that is no smaller than 4
16 inches by 8 inches. The sign shall be clearly visible to
17 customers. Any retailer who fails to post or maintain a
18 required sign through December 31, 2000 is guilty of a petty
19 offense for which the fine shall be \$500 per day per each
20 retail premises where a violation occurs.

21 With respect to gasohol, as defined in the Use Tax Act, the
22 tax imposed by this Act applies to (i) 70% of the proceeds of
23 sales made on or after January 1, 1990, and before July 1,
24 2003, (ii) 80% of the proceeds of sales made on or after July
25 1, 2003 and on or before December 31, 2013, and (iii) 100% of
26 the proceeds of sales made thereafter. If, at any time,

1 however, the tax under this Act on sales of gasohol, as defined
2 in the Use Tax Act, is imposed at the rate of 1.25%, then the
3 tax imposed by this Act applies to 100% of the proceeds of
4 sales of gasohol made during that time.

5 With respect to majority blended ethanol fuel, as defined
6 in the Use Tax Act, the tax imposed by this Act does not apply
7 to the proceeds of sales made on or after July 1, 2003 and on or
8 before December 31, 2013 but applies to 100% of the proceeds of
9 sales made thereafter.

10 With respect to biodiesel blends, as defined in the Use Tax
11 Act, with no less than 1% and no more than 10% biodiesel, the
12 tax imposed by this Act applies to (i) 80% of the proceeds of
13 sales made on or after July 1, 2003 and on or before December
14 31, 2013 and (ii) 100% of the proceeds of sales made
15 thereafter. If, at any time, however, the tax under this Act on
16 sales of biodiesel blends, as defined in the Use Tax Act, with
17 no less than 1% and no more than 10% biodiesel is imposed at
18 the rate of 1.25%, then the tax imposed by this Act applies to
19 100% of the proceeds of sales of biodiesel blends with no less
20 than 1% and no more than 10% biodiesel made during that time.

21 With respect to 100% biodiesel, as defined in the Use Tax
22 Act, and biodiesel blends, as defined in the Use Tax Act, with
23 more than 10% but no more than 99% biodiesel, the tax imposed
24 by this Act does not apply to the proceeds of sales made on or
25 after July 1, 2003 and on or before December 31, 2013 but
26 applies to 100% of the proceeds of sales made thereafter.

1 With respect to food for human consumption that is to be
2 consumed off the premises where it is sold (other than
3 alcoholic beverages, soft drinks, and food that has been
4 prepared for immediate consumption) and prescription and
5 nonprescription medicines, drugs, medical appliances,
6 modifications to a motor vehicle for the purpose of rendering
7 it usable by a disabled person, and insulin, urine testing
8 materials, syringes, and needles used by diabetics, for human
9 use, the tax is imposed at the rate of 1%. For the purposes of
10 this Section, until September 1, 2009: the term "soft drinks"
11 means any complete, finished, ready-to-use, non-alcoholic
12 drink, whether carbonated or not, including but not limited to
13 soda water, cola, fruit juice, vegetable juice, carbonated
14 water, and all other preparations commonly known as soft drinks
15 of whatever kind or description that are contained in any
16 closed or sealed bottle, can, carton, or container, regardless
17 of size; but "soft drinks" does not include coffee, tea,
18 non-carbonated water, infant formula, milk or milk products as
19 defined in the Grade A Pasteurized Milk and Milk Products Act,
20 or drinks containing 50% or more natural fruit or vegetable
21 juice.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "soft drinks" means non-alcoholic
24 beverages that contain natural or artificial sweeteners. "Soft
25 drinks" do not include beverages that contain milk or milk
26 products, soy, rice or similar milk substitutes, or greater

1 than 50% of vegetable or fruit juice by volume.

2 Until August 1, 2009, and notwithstanding any other
3 provisions of this Act, "food for human consumption that is to
4 be consumed off the premises where it is sold" includes all
5 food sold through a vending machine, except soft drinks and
6 food products that are dispensed hot from a vending machine,
7 regardless of the location of the vending machine. Beginning
8 August 1, 2009, and notwithstanding any other provisions of
9 this Act, "food for human consumption that is to be consumed
10 off the premises where it is sold" includes all food sold
11 through a vending machine, except soft drinks, candy, and food
12 products that are dispensed hot from a vending machine,
13 regardless of the location of the vending machine.

14 Notwithstanding any other provisions of this Act,
15 beginning September 1, 2009, "food for human consumption that
16 is to be consumed off the premises where it is sold" does not
17 include candy. For purposes of this Section, "candy" means a
18 preparation of sugar, honey, or other natural or artificial
19 sweeteners in combination with chocolate, fruits, nuts or other
20 ingredients or flavorings in the form of bars, drops, or
21 pieces. "Candy" does not include any preparation that contains
22 flour or requires refrigeration.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "nonprescription medicines and
25 drugs" does not include grooming and hygiene products. For
26 purposes of this Section, "grooming and hygiene products"

1 includes, but is not limited to, soaps and cleaning solutions,
2 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
3 lotions and screens, unless those products are available by
4 prescription only, regardless of whether the products meet the
5 definition of "over-the-counter-drugs". For the purposes of
6 this paragraph, "over-the-counter-drug" means a drug for human
7 use that contains a label that identifies the product as a drug
8 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
9 label includes:

10 (A) A "Drug Facts" panel; or

11 (B) A statement of the "active ingredient(s)" with a
12 list of those ingredients contained in the compound,
13 substance or preparation.

14 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
15 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1012, eff. 7-7-10.)

16 (Text of Section after amendment by P.A. 97-636)

17 Sec. 2-10. Rate of tax. Unless otherwise provided in this
18 Section, the tax imposed by this Act is at the rate of 6.25% of
19 gross receipts from sales of tangible personal property made in
20 the course of business.

21 Beginning on July 1, 2000 and through December 31, 2000,
22 and beginning again on July 1, 2012, with respect to motor
23 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and
24 gasohol, as defined in Section 3-40 of the Use Tax Act, the tax
25 is imposed at the rate of 1.25%.

1 Beginning on August 6, 2010 through August 15, 2010, with
2 respect to sales tax holiday items as defined in Section 2-8 of
3 this Act, the tax is imposed at the rate of 1.25%.

4 Within 14 days after the effective date of this amendatory
5 Act of the 91st General Assembly, each retailer of motor fuel
6 and gasohol shall cause the following notice to be posted in a
7 prominently visible place on each retail dispensing device that
8 is used to dispense motor fuel or gasohol in the State of
9 Illinois: "As of July 1, 2000, the State of Illinois has
10 eliminated the State's share of sales tax on motor fuel and
11 gasohol through December 31, 2000. The price on this pump
12 should reflect the elimination of the tax." The notice shall be
13 printed in bold print on a sign that is no smaller than 4
14 inches by 8 inches. The sign shall be clearly visible to
15 customers. Any retailer who fails to post or maintain a
16 required sign through December 31, 2000 is guilty of a petty
17 offense for which the fine shall be \$500 per day per each
18 retail premises where a violation occurs.

19 With respect to gasohol, as defined in the Use Tax Act, the
20 tax imposed by this Act applies to (i) 70% of the proceeds of
21 sales made on or after January 1, 1990, and before July 1,
22 2003, (ii) 80% of the proceeds of sales made on or after July
23 1, 2003 and on or before December 31, 2018, and (iii) 100% of
24 the proceeds of sales made thereafter. If, at any time,
25 however, the tax under this Act on sales of gasohol, as defined
26 in the Use Tax Act, is imposed at the rate of 1.25%, then the

1 tax imposed by this Act applies to 100% of the proceeds of
2 sales of gasohol made during that time.

3 With respect to majority blended ethanol fuel, as defined
4 in the Use Tax Act, the tax imposed by this Act does not apply
5 to the proceeds of sales made on or after July 1, 2003 and on or
6 before December 31, 2018 but applies to 100% of the proceeds of
7 sales made thereafter.

8 With respect to biodiesel blends, as defined in the Use Tax
9 Act, with no less than 1% and no more than 10% biodiesel, the
10 tax imposed by this Act applies to (i) 80% of the proceeds of
11 sales made on or after July 1, 2003 and on or before December
12 31, 2018 and (ii) 100% of the proceeds of sales made
13 thereafter. If, at any time, however, the tax under this Act on
14 sales of biodiesel blends, as defined in the Use Tax Act, with
15 no less than 1% and no more than 10% biodiesel is imposed at
16 the rate of 1.25%, then the tax imposed by this Act applies to
17 100% of the proceeds of sales of biodiesel blends with no less
18 than 1% and no more than 10% biodiesel made during that time.

19 With respect to 100% biodiesel, as defined in the Use Tax
20 Act, and biodiesel blends, as defined in the Use Tax Act, with
21 more than 10% but no more than 99% biodiesel, the tax imposed
22 by this Act does not apply to the proceeds of sales made on or
23 after July 1, 2003 and on or before December 31, 2018 but
24 applies to 100% of the proceeds of sales made thereafter.

25 With respect to food for human consumption that is to be
26 consumed off the premises where it is sold (other than

1 alcoholic beverages, soft drinks, and food that has been
2 prepared for immediate consumption) and prescription and
3 nonprescription medicines, drugs, medical appliances,
4 modifications to a motor vehicle for the purpose of rendering
5 it usable by a disabled person, and insulin, urine testing
6 materials, syringes, and needles used by diabetics, for human
7 use, the tax is imposed at the rate of 1%. For the purposes of
8 this Section, until September 1, 2009: the term "soft drinks"
9 means any complete, finished, ready-to-use, non-alcoholic
10 drink, whether carbonated or not, including but not limited to
11 soda water, cola, fruit juice, vegetable juice, carbonated
12 water, and all other preparations commonly known as soft drinks
13 of whatever kind or description that are contained in any
14 closed or sealed bottle, can, carton, or container, regardless
15 of size; but "soft drinks" does not include coffee, tea,
16 non-carbonated water, infant formula, milk or milk products as
17 defined in the Grade A Pasteurized Milk and Milk Products Act,
18 or drinks containing 50% or more natural fruit or vegetable
19 juice.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "soft drinks" means non-alcoholic
22 beverages that contain natural or artificial sweeteners. "Soft
23 drinks" do not include beverages that contain milk or milk
24 products, soy, rice or similar milk substitutes, or greater
25 than 50% of vegetable or fruit juice by volume.

26 Until August 1, 2009, and notwithstanding any other

1 provisions of this Act, "food for human consumption that is to
2 be consumed off the premises where it is sold" includes all
3 food sold through a vending machine, except soft drinks and
4 food products that are dispensed hot from a vending machine,
5 regardless of the location of the vending machine. Beginning
6 August 1, 2009, and notwithstanding any other provisions of
7 this Act, "food for human consumption that is to be consumed
8 off the premises where it is sold" includes all food sold
9 through a vending machine, except soft drinks, candy, and food
10 products that are dispensed hot from a vending machine,
11 regardless of the location of the vending machine.

12 Notwithstanding any other provisions of this Act,
13 beginning September 1, 2009, "food for human consumption that
14 is to be consumed off the premises where it is sold" does not
15 include candy. For purposes of this Section, "candy" means a
16 preparation of sugar, honey, or other natural or artificial
17 sweeteners in combination with chocolate, fruits, nuts or other
18 ingredients or flavorings in the form of bars, drops, or
19 pieces. "Candy" does not include any preparation that contains
20 flour or requires refrigeration.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "nonprescription medicines and
23 drugs" does not include grooming and hygiene products. For
24 purposes of this Section, "grooming and hygiene products"
25 includes, but is not limited to, soaps and cleaning solutions,
26 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan

1 lotions and screens, unless those products are available by
2 prescription only, regardless of whether the products meet the
3 definition of "over-the-counter-drugs". For the purposes of
4 this paragraph, "over-the-counter-drug" means a drug for human
5 use that contains a label that identifies the product as a drug
6 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
7 label includes:

8 (A) A "Drug Facts" panel; or

9 (B) A statement of the "active ingredient(s)" with a
10 list of those ingredients contained in the compound,
11 substance or preparation.

12 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
13 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1012, eff. 7-7-10;
14 97-636, eff. 6-1-12.)

15 Section 30. The Motor Fuel Tax Law is amended by changing
16 Sections 2 and 8 as follows:

17 (35 ILCS 505/2) (from Ch. 120, par. 418)

18 Sec. 2. A tax is imposed on the privilege of operating
19 motor vehicles upon the public highways and recreational-type
20 watercraft upon the waters of this State.

21 (a) Prior to August 1, 1989, the tax is imposed at the rate
22 of 13 cents per gallon on all motor fuel used in motor vehicles
23 operating on the public highways and recreational type
24 watercraft operating upon the waters of this State. Beginning

1 on August 1, 1989 and until January 1, 1990, the rate of the
2 tax imposed in this paragraph shall be 16 cents per gallon.
3 Beginning January 1, 1990, and until July 1, 2012, the rate of
4 tax imposed in this paragraph shall be 19 cents per gallon.
5 Beginning July 1, 2012, the rate of tax imposed in this
6 paragraph shall be 34 cents per gallon. On July 1, 2013, and on
7 July 1 of each year thereafter, the rate of tax under this
8 paragraph shall be adjusted according to the percentage
9 increase, if any, in the Consumer Price Index for All Urban
10 Consumers for all items, published by the United States
11 Department of Labor, during the preceding 12-month calendar
12 year.

13 (b) The tax on the privilege of operating motor vehicles
14 which use diesel fuel shall be the rate according to paragraph
15 (a) plus an additional 2 1/2 cents per gallon. "Diesel fuel" is
16 defined as any product intended for use or offered for sale as
17 a fuel for engines in which the fuel is injected into the
18 combustion chamber and ignited by pressure without electric
19 spark.

20 (c) A tax is imposed upon the privilege of engaging in the
21 business of selling motor fuel as a retailer or reseller on all
22 motor fuel used in motor vehicles operating on the public
23 highways and recreational type watercraft operating upon the
24 waters of this State: (1) at the rate of 3 cents per gallon on
25 motor fuel owned or possessed by such retailer or reseller at
26 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents per

1 gallon on motor fuel owned or possessed by such retailer or
2 reseller at 12:01 A.M. on January 1, 1990.

3 Retailers and resellers who are subject to this additional
4 tax shall be required to inventory such motor fuel and pay this
5 additional tax in a manner prescribed by the Department of
6 Revenue.

7 The tax imposed in this paragraph (c) shall be in addition
8 to all other taxes imposed by the State of Illinois or any unit
9 of local government in this State.

10 (d) Except as provided in Section 2a, the collection of a
11 tax based on gallonage of gasoline used for the propulsion of
12 any aircraft is prohibited on and after October 1, 1979.

13 (e) The collection of a tax, based on gallonage of all
14 products commonly or commercially known or sold as 1-K
15 kerosene, regardless of its classification or uses, is
16 prohibited (i) on and after July 1, 1992 until December 31,
17 1999, except when the 1-K kerosene is either: (1) delivered
18 into bulk storage facilities of a bulk user, or (2) delivered
19 directly into the fuel supply tanks of motor vehicles and (ii)
20 on and after January 1, 2000. Beginning on January 1, 2000, the
21 collection of a tax, based on gallonage of all products
22 commonly or commercially known or sold as 1-K kerosene,
23 regardless of its classification or uses, is prohibited except
24 when the 1-K kerosene is delivered directly into a storage tank
25 that is located at a facility that has withdrawal facilities
26 that are readily accessible to and are capable of dispensing

1 1-K kerosene into the fuel supply tanks of motor vehicles. For
2 purposes of this subsection (e), a facility is considered to
3 have withdrawal facilities that are not "readily accessible to
4 and capable of dispensing 1-K kerosene into the fuel supply
5 tanks of motor vehicles" only if the 1-K kerosene is delivered
6 from: (i) a dispenser hose that is short enough so that it will
7 not reach the fuel supply tank of a motor vehicle or (ii) a
8 dispenser that is enclosed by a fence or other physical barrier
9 so that a vehicle cannot pull alongside the dispenser to permit
10 fueling.

11 Any person who sells or uses 1-K kerosene for use in motor
12 vehicles upon which the tax imposed by this Law has not been
13 paid shall be liable for any tax due on the sales or use of 1-K
14 kerosene.

15 (Source: P.A. 96-1384, eff. 7-29-10.)

16 (35 ILCS 505/8) (from Ch. 120, par. 424)

17 Sec. 8. Except as provided in Section 8a, subdivision
18 (h) (1) of Section 12a, Section 13a.6, and items 13, 14, 15, and
19 16 of Section 15, (1) 15 cents per gallon of the tax collected
20 under subsection (a) of Section 2 shall be deposited into the
21 Pension Stabilization Fund, and (ii) all remaining moneys ~~money~~
22 received by the Department under this Act, including payments
23 made to the Department by member jurisdictions participating in
24 the International Fuel Tax Agreement, shall be deposited in a
25 special fund in the State treasury, to be known as the "Motor

1 Fuel Tax Fund", and shall be used as follows:

2 (a) 2 1/2 cents per gallon of the tax collected on special
3 fuel under paragraph (b) of Section 2 and Section 13a of this
4 Act shall be transferred to the State Construction Account Fund
5 in the State Treasury;

6 (b) \$420,000 shall be transferred each month to the State
7 Boating Act Fund to be used by the Department of Natural
8 Resources for the purposes specified in Article X of the Boat
9 Registration and Safety Act;

10 (c) \$3,500,000 shall be transferred each month to the Grade
11 Crossing Protection Fund to be used as follows: not less than
12 \$12,000,000 each fiscal year shall be used for the construction
13 or reconstruction of rail highway grade separation structures;
14 \$2,250,000 in fiscal years 2004 through 2009 and \$3,000,000 in
15 fiscal year 2010 and each fiscal year thereafter shall be
16 transferred to the Transportation Regulatory Fund and shall be
17 accounted for as part of the rail carrier portion of such funds
18 and shall be used to pay the cost of administration of the
19 Illinois Commerce Commission's railroad safety program in
20 connection with its duties under subsection (3) of Section
21 18c-7401 of the Illinois Vehicle Code, with the remainder to be
22 used by the Department of Transportation upon order of the
23 Illinois Commerce Commission, to pay that part of the cost
24 apportioned by such Commission to the State to cover the
25 interest of the public in the use of highways, roads, streets,
26 or pedestrian walkways in the county highway system, township

1 and district road system, or municipal street system as defined
2 in the Illinois Highway Code, as the same may from time to time
3 be amended, for separation of grades, for installation,
4 construction or reconstruction of crossing protection or
5 reconstruction, alteration, relocation including construction
6 or improvement of any existing highway necessary for access to
7 property or improvement of any grade crossing and grade
8 crossing surface including the necessary highway approaches
9 thereto of any railroad across the highway or public road, or
10 for the installation, construction, reconstruction, or
11 maintenance of a pedestrian walkway over or under a railroad
12 right-of-way, as provided for in and in accordance with Section
13 18c-7401 of the Illinois Vehicle Code. The Commission may order
14 up to \$2,000,000 per year in Grade Crossing Protection Fund
15 moneys for the improvement of grade crossing surfaces and up to
16 \$300,000 per year for the maintenance and renewal of 4-quadrant
17 gate vehicle detection systems located at non-high speed rail
18 grade crossings. The Commission shall not order more than
19 \$2,000,000 per year in Grade Crossing Protection Fund moneys
20 for pedestrian walkways. In entering orders for projects for
21 which payments from the Grade Crossing Protection Fund will be
22 made, the Commission shall account for expenditures authorized
23 by the orders on a cash rather than an accrual basis. For
24 purposes of this requirement an "accrual basis" assumes that
25 the total cost of the project is expended in the fiscal year in
26 which the order is entered, while a "cash basis" allocates the

1 cost of the project among fiscal years as expenditures are
2 actually made. To meet the requirements of this subsection, the
3 Illinois Commerce Commission shall develop annual and 5-year
4 project plans of rail crossing capital improvements that will
5 be paid for with moneys from the Grade Crossing Protection
6 Fund. The annual project plan shall identify projects for the
7 succeeding fiscal year and the 5-year project plan shall
8 identify projects for the 5 directly succeeding fiscal years.
9 The Commission shall submit the annual and 5-year project plans
10 for this Fund to the Governor, the President of the Senate, the
11 Senate Minority Leader, the Speaker of the House of
12 Representatives, and the Minority Leader of the House of
13 Representatives on the first Wednesday in April of each year;

14 (d) of the amount remaining after allocations provided for
15 in subsections (a), (b) and (c), a sufficient amount shall be
16 reserved to pay all of the following:

17 (1) the costs of the Department of Revenue in
18 administering this Act;

19 (2) the costs of the Department of Transportation in
20 performing its duties imposed by the Illinois Highway Code
21 for supervising the use of motor fuel tax funds apportioned
22 to municipalities, counties and road districts;

23 (3) refunds provided for in Section 13, refunds for
24 overpayment of decal fees paid under Section 13a.4 of this
25 Act, and refunds provided for under the terms of the
26 International Fuel Tax Agreement referenced in Section

1 14a;

2 (4) from October 1, 1985 until June 30, 1994, the
3 administration of the Vehicle Emissions Inspection Law,
4 which amount shall be certified monthly by the
5 Environmental Protection Agency to the State Comptroller
6 and shall promptly be transferred by the State Comptroller
7 and Treasurer from the Motor Fuel Tax Fund to the Vehicle
8 Inspection Fund, and for the period July 1, 1994 through
9 June 30, 2000, one-twelfth of \$25,000,000 each month, for
10 the period July 1, 2000 through June 30, 2003, one-twelfth
11 of \$30,000,000 each month, and \$15,000,000 on July 1, 2003,
12 and \$15,000,000 on January 1, 2004, and \$15,000,000 on each
13 July 1 and October 1, or as soon thereafter as may be
14 practical, during the period July 1, 2004 through June 30,
15 2012, for the administration of the Vehicle Emissions
16 Inspection Law of 2005, to be transferred by the State
17 Comptroller and Treasurer from the Motor Fuel Tax Fund into
18 the Vehicle Inspection Fund;

19 (5) amounts ordered paid by the Court of Claims; and

20 (6) payment of motor fuel use taxes due to member
21 jurisdictions under the terms of the International Fuel Tax
22 Agreement. The Department shall certify these amounts to
23 the Comptroller by the 15th day of each month; the
24 Comptroller shall cause orders to be drawn for such
25 amounts, and the Treasurer shall administer those amounts
26 on or before the last day of each month;

1 (e) after allocations for the purposes set forth in
2 subsections (a), (b), (c) and (d), the remaining amount shall
3 be apportioned as follows:

4 (1) Until January 1, 2000, 58.4%, and beginning January
5 1, 2000, 45.6% shall be deposited as follows:

6 (A) 37% into the State Construction Account Fund,
7 and

8 (B) 63% into the Road Fund, \$1,250,000 of which
9 shall be reserved each month for the Department of
10 Transportation to be used in accordance with the
11 provisions of Sections 6-901 through 6-906 of the
12 Illinois Highway Code;

13 (2) Until January 1, 2000, 41.6%, and beginning January
14 1, 2000, 54.4% shall be transferred to the Department of
15 Transportation to be distributed as follows:

16 (A) 49.10% to the municipalities of the State,

17 (B) 16.74% to the counties of the State having
18 1,000,000 or more inhabitants,

19 (C) 18.27% to the counties of the State having less
20 than 1,000,000 inhabitants,

21 (D) 15.89% to the road districts of the State.

22 As soon as may be after the first day of each month the
23 Department of Transportation shall allot to each municipality
24 its share of the amount apportioned to the several
25 municipalities which shall be in proportion to the population
26 of such municipalities as determined by the last preceding

1 municipal census if conducted by the Federal Government or
2 Federal census. If territory is annexed to any municipality
3 subsequent to the time of the last preceding census the
4 corporate authorities of such municipality may cause a census
5 to be taken of such annexed territory and the population so
6 ascertained for such territory shall be added to the population
7 of the municipality as determined by the last preceding census
8 for the purpose of determining the allotment for that
9 municipality. If the population of any municipality was not
10 determined by the last Federal census preceding any
11 apportionment, the apportionment to such municipality shall be
12 in accordance with any census taken by such municipality. Any
13 municipal census used in accordance with this Section shall be
14 certified to the Department of Transportation by the clerk of
15 such municipality, and the accuracy thereof shall be subject to
16 approval of the Department which may make such corrections as
17 it ascertains to be necessary.

18 As soon as may be after the first day of each month the
19 Department of Transportation shall allot to each county its
20 share of the amount apportioned to the several counties of the
21 State as herein provided. Each allotment to the several
22 counties having less than 1,000,000 inhabitants shall be in
23 proportion to the amount of motor vehicle license fees received
24 from the residents of such counties, respectively, during the
25 preceding calendar year. The Secretary of State shall, on or
26 before April 15 of each year, transmit to the Department of

1 Transportation a full and complete report showing the amount of
2 motor vehicle license fees received from the residents of each
3 county, respectively, during the preceding calendar year. The
4 Department of Transportation shall, each month, use for
5 allotment purposes the last such report received from the
6 Secretary of State.

7 As soon as may be after the first day of each month, the
8 Department of Transportation shall allot to the several
9 counties their share of the amount apportioned for the use of
10 road districts. The allotment shall be apportioned among the
11 several counties in the State in the proportion which the total
12 mileage of township or district roads in the respective
13 counties bears to the total mileage of all township and
14 district roads in the State. Funds allotted to the respective
15 counties for the use of road districts therein shall be
16 allocated to the several road districts in the county in the
17 proportion which the total mileage of such township or district
18 roads in the respective road districts bears to the total
19 mileage of all such township or district roads in the county.
20 After July 1 of any year prior to 2011, no allocation shall be
21 made for any road district unless it levied a tax for road and
22 bridge purposes in an amount which will require the extension
23 of such tax against the taxable property in any such road
24 district at a rate of not less than either .08% of the value
25 thereof, based upon the assessment for the year immediately
26 prior to the year in which such tax was levied and as equalized

1 by the Department of Revenue or, in DuPage County, an amount
2 equal to or greater than \$12,000 per mile of road under the
3 jurisdiction of the road district, whichever is less. Beginning
4 July 1, 2011 and each July 1 thereafter, an allocation shall be
5 made for any road district if it levied a tax for road and
6 bridge purposes. In counties other than DuPage County, if the
7 amount of the tax levy requires the extension of the tax
8 against the taxable property in the road district at a rate
9 that is less than 0.08% of the value thereof, based upon the
10 assessment for the year immediately prior to the year in which
11 the tax was levied and as equalized by the Department of
12 Revenue, then the amount of the allocation for that road
13 district shall be a percentage of the maximum allocation equal
14 to the percentage obtained by dividing the rate extended by the
15 district by 0.08%. In DuPage County, if the amount of the tax
16 levy requires the extension of the tax against the taxable
17 property in the road district at a rate that is less than the
18 lesser of (i) 0.08% of the value of the taxable property in the
19 road district, based upon the assessment for the year
20 immediately prior to the year in which such tax was levied and
21 as equalized by the Department of Revenue, or (ii) a rate that
22 will yield an amount equal to \$12,000 per mile of road under
23 the jurisdiction of the road district, then the amount of the
24 allocation for the road district shall be a percentage of the
25 maximum allocation equal to the percentage obtained by dividing
26 the rate extended by the district by the lesser of (i) 0.08% or

1 (ii) the rate that will yield an amount equal to \$12,000 per
2 mile of road under the jurisdiction of the road district.

3 Prior to 2011, if any road district has levied a special
4 tax for road purposes pursuant to Sections 6-601, 6-602 and
5 6-603 of the Illinois Highway Code, and such tax was levied in
6 an amount which would require extension at a rate of not less
7 than .08% of the value of the taxable property thereof, as
8 equalized or assessed by the Department of Revenue, or, in
9 DuPage County, an amount equal to or greater than \$12,000 per
10 mile of road under the jurisdiction of the road district,
11 whichever is less, such levy shall, however, be deemed a proper
12 compliance with this Section and shall qualify such road
13 district for an allotment under this Section. Beginning in 2011
14 and thereafter, if any road district has levied a special tax
15 for road purposes under Sections 6-601, 6-602, and 6-603 of the
16 Illinois Highway Code, and the tax was levied in an amount that
17 would require extension at a rate of not less than 0.08% of the
18 value of the taxable property of that road district, as
19 equalized or assessed by the Department of Revenue or, in
20 DuPage County, an amount equal to or greater than \$12,000 per
21 mile of road under the jurisdiction of the road district,
22 whichever is less, that levy shall be deemed a proper
23 compliance with this Section and shall qualify such road
24 district for a full, rather than proportionate, allotment under
25 this Section. If the levy for the special tax is less than
26 0.08% of the value of the taxable property, or, in DuPage

1 County if the levy for the special tax is less than the lesser
2 of (i) 0.08% or (ii) \$12,000 per mile of road under the
3 jurisdiction of the road district, and if the levy for the
4 special tax is more than any other levy for road and bridge
5 purposes, then the levy for the special tax qualifies the road
6 district for a proportionate, rather than full, allotment under
7 this Section. If the levy for the special tax is equal to or
8 less than any other levy for road and bridge purposes, then any
9 allotment under this Section shall be determined by the other
10 levy for road and bridge purposes.

11 Prior to 2011, if a township has transferred to the road
12 and bridge fund money which, when added to the amount of any
13 tax levy of the road district would be the equivalent of a tax
14 levy requiring extension at a rate of at least .08%, or, in
15 DuPage County, an amount equal to or greater than \$12,000 per
16 mile of road under the jurisdiction of the road district,
17 whichever is less, such transfer, together with any such tax
18 levy, shall be deemed a proper compliance with this Section and
19 shall qualify the road district for an allotment under this
20 Section.

21 In counties in which a property tax extension limitation is
22 imposed under the Property Tax Extension Limitation Law, road
23 districts may retain their entitlement to a motor fuel tax
24 allotment or, beginning in 2011, their entitlement to a full
25 allotment if, at the time the property tax extension limitation
26 was imposed, the road district was levying a road and bridge

1 tax at a rate sufficient to entitle it to a motor fuel tax
2 allotment and continues to levy the maximum allowable amount
3 after the imposition of the property tax extension limitation.
4 Any road district may in all circumstances retain its
5 entitlement to a motor fuel tax allotment or, beginning in
6 2011, its entitlement to a full allotment if it levied a road
7 and bridge tax in an amount that will require the extension of
8 the tax against the taxable property in the road district at a
9 rate of not less than 0.08% of the assessed value of the
10 property, based upon the assessment for the year immediately
11 preceding the year in which the tax was levied and as equalized
12 by the Department of Revenue or, in DuPage County, an amount
13 equal to or greater than \$12,000 per mile of road under the
14 jurisdiction of the road district, whichever is less.

15 As used in this Section the term "road district" means any
16 road district, including a county unit road district, provided
17 for by the Illinois Highway Code; and the term "township or
18 district road" means any road in the township and district road
19 system as defined in the Illinois Highway Code. For the
20 purposes of this Section, "township or district road" also
21 includes such roads as are maintained by park districts, forest
22 preserve districts and conservation districts. The Department
23 of Transportation shall determine the mileage of all township
24 and district roads for the purposes of making allotments and
25 allocations of motor fuel tax funds for use in road districts.

26 Payment of motor fuel tax moneys to municipalities and

1 counties shall be made as soon as possible after the allotment
2 is made. The treasurer of the municipality or county may invest
3 these funds until their use is required and the interest earned
4 by these investments shall be limited to the same uses as the
5 principal funds.

6 (Source: P.A. 96-34, eff. 7-13-09; 96-45, eff. 7-15-09; 96-959,
7 eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1024, eff. 7-12-10;
8 96-1384, eff. 7-29-10; 97-72, eff. 7-1-11; 97-333, eff.
9 8-12-11.)

10 Section 35. The Illinois Pension Code is amended by
11 changing Sections 2-124, 14-131, 15-155, 16-158, and 18-131 as
12 follows:

13 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

14 Sec. 2-124. Contributions by State.

15 (a) The State shall make contributions to the System by
16 appropriations of amounts which, together with the
17 contributions of participants, interest earned on investments,
18 and other income will meet the cost of maintaining and
19 administering the System on a 90% funded basis in accordance
20 with actuarial recommendations.

21 (b) The Board shall determine the amount of State
22 contributions required for each fiscal year on the basis of the
23 actuarial tables and other assumptions adopted by the Board and
24 the prescribed rate of interest, using the formula in

1 subsection (c).

2 (c) For State fiscal years 2012 through 2043 ~~2045~~, the
3 minimum contribution to the System to be made by the State for
4 each fiscal year shall be an amount determined by the System to
5 be sufficient to bring the total assets of the System up to
6 100% ~~90%~~ of the total actuarial liabilities of the System by
7 the end of State fiscal year 2043 ~~2045~~.

8 Pursuant to Article XIII of the 1970 Constitution of the
9 State of Illinois, beginning on July 1, 2012, the State shall,
10 as a retirement benefit to each participant and annuitant of
11 the System be contractually obligated to the System (as a
12 fiduciary and trustee of the participants and annuitants) to
13 pay the Annual Required State Contribution, as determined by
14 the Board of the System using generally accepted actuarial
15 principles, as is necessary to bring the total assets of the
16 System up to 100% of the total actuarial liabilities of the
17 System by fiscal year 2043. As a further retirement benefit and
18 contractual obligation, each fiscal year, the State shall pay
19 to each designated retirement system the Annual Required State
20 Contribution certified by the Board for that fiscal year.
21 Payments of the Annual Required State Contribution for each
22 fiscal year shall be made in equal monthly installments. This
23 Section, and the security it provides to participants and
24 annuitants is intended to be, and is, a contractual right that
25 is part of the pension benefits provided to the participants
26 and annuitants. Notwithstanding anything to the contrary in the

1 Court of Claims Act or any other law, a designated retirement
2 system has the exclusive right to and shall bring a Mandamus
3 action in the Circuit Court of Champaign County against the
4 State to compel the State to make any installment of the Annual
5 Required State Contribution required by this Section,
6 irrespective of other remedies that may be available to the
7 System. Each member or annuitant of the System has the right to
8 bring a Mandamus action against the System in the Circuit Court
9 in any judicial district in which the System maintains an
10 office if the System fails to bring an action specified in this
11 Section, irrespective of other remedies that may be available
12 to the member or annuitant. In making these determinations, the
13 ~~required State contribution shall be calculated each year as a~~
14 ~~level percentage of payroll over the years remaining to and~~
15 ~~including fiscal year 2045 and shall be determined under the~~
16 ~~projected unit credit actuarial cost method.~~

17 For State fiscal years 1996 through 2005, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual increments
20 so that by State fiscal year 2011, the State is contributing at
21 the rate required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$4,157,000.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$5,220,300.

2 For each of State fiscal years 2008 through 2009, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 from the required State contribution for State fiscal year
6 2007, so that by State fiscal year 2011, the State is
7 contributing at the rate otherwise required under this Section.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2010 is
10 \$10,454,000 and shall be made from the proceeds of bonds sold
11 in fiscal year 2010 pursuant to Section 7.2 of the General
12 Obligation Bond Act, less (i) the pro rata share of bond sale
13 expenses determined by the System's share of total bond
14 proceeds, (ii) any amounts received from the General Revenue
15 Fund in fiscal year 2010, and (iii) any reduction in bond
16 proceeds due to the issuance of discounted bonds, if
17 applicable.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2011 is
20 the amount recertified by the System on or before April 1, 2011
21 pursuant to Section 2-134 and shall be made from the proceeds
22 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
23 the General Obligation Bond Act, less (i) the pro rata share of
24 bond sale expenses determined by the System's share of total
25 bond proceeds, (ii) any amounts received from the General
26 Revenue Fund in fiscal year 2011, and (iii) any reduction in

1 bond proceeds due to the issuance of discounted bonds, if
2 applicable.

3 Beginning in State fiscal year 2043 ~~2046~~, the minimum State
4 contribution for each fiscal year shall be the amount needed to
5 maintain the total assets of the System at 100% ~~90%~~ of the
6 total actuarial liabilities of the System.

7 Amounts received by the System pursuant to Section 25 of
8 the Budget Stabilization Act or Section 8.12 of the State
9 Finance Act in any fiscal year do not reduce and do not
10 constitute payment of any portion of the minimum State
11 contribution required under this Article in that fiscal year.
12 Such amounts shall not reduce, and shall not be included in the
13 calculation of, the required State contributions under this
14 Article in any future year until the System has reached a
15 funding ratio of at least 90%. A reference in this Article to
16 the "required State contribution" or any substantially similar
17 term does not include or apply to any amounts payable to the
18 System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under Section 2-134, shall not
23 exceed an amount equal to (i) the amount of the required State
24 contribution that would have been calculated under this Section
25 for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act, minus (ii) the portion of the State's
2 total debt service payments for that fiscal year on the bonds
3 issued in fiscal year 2003 for the purposes of that Section
4 7.2, as determined and certified by the Comptroller, that is
5 the same as the System's portion of the total moneys
6 distributed under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act. In determining this maximum for State
8 fiscal years 2008 through 2010, however, the amount referred to
9 in item (i) shall be increased, as a percentage of the
10 applicable employee payroll, in equal increments calculated
11 from the sum of the required State contribution for State
12 fiscal year 2007 plus the applicable portion of the State's
13 total debt service payments for fiscal year 2007 on the bonds
14 issued in fiscal year 2003 for the purposes of Section 7.2 of
15 the General Obligation Bond Act, so that, by State fiscal year
16 2011, the State is contributing at the rate otherwise required
17 under this Section.

18 (d) For purposes of determining the required State
19 contribution to the System, the value of the System's assets
20 shall be equal to the actuarial value of the System's assets,
21 which shall be calculated as follows:

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

3 (e) For purposes of determining the required State
4 contribution to the system for a particular year, the actuarial
5 value of assets shall be assumed to earn a rate of return equal
6 to the system's actuarially assumed rate of return.

7 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
8 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
9 3-18-11; revised 4-6-11.)

10 (40 ILCS 5/14-131)

11 Sec. 14-131. Contributions by State.

12 (a) The State shall make contributions to the System by
13 appropriations of amounts which, together with other employer
14 contributions from trust, federal, and other funds, employee
15 contributions, investment income, and other income, will be
16 sufficient to meet the cost of maintaining and administering
17 the System on a 100% ~~90%~~ funded basis in accordance with
18 actuarial recommendations.

19 For the purposes of this Section and Section 14-135.08,
20 references to State contributions refer only to employer
21 contributions and do not include employee contributions that
22 are picked up or otherwise paid by the State or a department on
23 behalf of the employee.

24 (b) The Board shall determine the total amount of State
25 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board,
2 using the formula in subsection (e).

3 The Board shall also determine a State contribution rate
4 for each fiscal year, expressed as a percentage of payroll,
5 based on the total required State contribution for that fiscal
6 year (less the amount received by the System from
7 appropriations under Section 8.12 of the State Finance Act and
8 Section 1 of the State Pension Funds Continuing Appropriation
9 Act, if any, for the fiscal year ending on the June 30
10 immediately preceding the applicable November 15 certification
11 deadline), the estimated payroll (including all forms of
12 compensation) for personal services rendered by eligible
13 employees, and the recommendations of the actuary.

14 For the purposes of this Section and Section 14.1 of the
15 State Finance Act, the term "eligible employees" includes
16 employees who participate in the System, persons who may elect
17 to participate in the System but have not so elected, persons
18 who are serving a qualifying period that is required for
19 participation, and annuitants employed by a department as
20 described in subdivision (a) (1) or (a) (2) of Section 14-111.

21 (c) Contributions shall be made by the several departments
22 for each pay period by warrants drawn by the State Comptroller
23 against their respective funds or appropriations based upon
24 vouchers stating the amount to be so contributed. These amounts
25 shall be based on the full rate certified by the Board under
26 Section 14-135.08 for that fiscal year. From the effective date

1 of this amendatory Act of the 93rd General Assembly through the
2 payment of the final payroll from fiscal year 2004
3 appropriations, the several departments shall not make
4 contributions for the remainder of fiscal year 2004 but shall
5 instead make payments as required under subsection (a-1) of
6 Section 14.1 of the State Finance Act. The several departments
7 shall resume those contributions at the commencement of fiscal
8 year 2005.

9 (c-1) Notwithstanding subsection (c) of this Section, for
10 fiscal years 2010 and 2012 only, contributions by the several
11 departments are not required to be made for General Revenue
12 Funds payrolls processed by the Comptroller. Payrolls paid by
13 the several departments from all other State funds must
14 continue to be processed pursuant to subsection (c) of this
15 Section.

16 (c-2) For State fiscal years 2010 and 2012 only, on or as
17 soon as possible after the 15th day of each month, the Board
18 shall submit vouchers for payment of State contributions to the
19 System, in a total monthly amount of one-twelfth of the fiscal
20 year General Revenue Fund contribution as certified by the
21 System pursuant to Section 14-135.08 of the Illinois Pension
22 Code.

23 (d) If an employee is paid from trust funds or federal
24 funds, the department or other employer shall pay employer
25 contributions from those funds to the System at the certified
26 rate, unless the terms of the trust or the federal-State

1 agreement preclude the use of the funds for that purpose, in
2 which case the required employer contributions shall be paid by
3 the State. From the effective date of this amendatory Act of
4 the 93rd General Assembly through the payment of the final
5 payroll from fiscal year 2004 appropriations, the department or
6 other employer shall not pay contributions for the remainder of
7 fiscal year 2004 but shall instead make payments as required
8 under subsection (a-1) of Section 14.1 of the State Finance
9 Act. The department or other employer shall resume payment of
10 contributions at the commencement of fiscal year 2005.

11 (e) For State fiscal years 2012 through 2043 ~~2045~~, the
12 minimum contribution to the System to be made by the State for
13 each fiscal year shall be an amount determined by the System to
14 be sufficient to bring the total assets of the System up to
15 100% ~~90%~~ of the total actuarial liabilities of the System by
16 the end of State fiscal year 2043 ~~2045~~.

17 Pursuant to Article XIII of the 1970 Constitution of the
18 State of Illinois, beginning on July 1, 2012, the State shall,
19 as a retirement benefit to each participant and annuitant of
20 the System be contractually obligated to the System (as a
21 fiduciary and trustee of the participants and annuitants) to
22 pay the Annual Required State Contribution, as determined by
23 the Board of the System using generally accepted actuarial
24 principles, as is necessary to bring the total assets of the
25 System up to 100% of the total actuarial liabilities of the
26 System by the end of State fiscal year 2043. As a further

1 retirement benefit and contractual obligation, each fiscal
2 year, the State shall pay to each designated retirement system
3 the Annual Required State Contribution certified by the Board
4 for that fiscal year. Payments of the Annual Required State
5 Contribution for each fiscal year shall be made in equal
6 monthly installments. This Section, and the security it
7 provides to participants and annuitants is intended to be, and
8 is, a contractual right that is part of the pension benefits
9 provided to the participants and annuitants. Notwithstanding
10 anything to the contrary in the Court of Claims Act or any
11 other law, a designated retirement system has the exclusive
12 right to and shall bring a Mandamus action in the Circuit Court
13 of Champaign County against the State to compel the State to
14 make any installment of the Annual Required State Contribution
15 required by this Section, irrespective of other remedies that
16 may be available to the System. Each member or annuitant of the
17 System has the right to bring a Mandamus action against the
18 System in the Circuit Court in any judicial district in which
19 the System maintains an office if the System fails to bring an
20 action specified in this Section, irrespective of other
21 remedies that may be available to the member or annuitant. ~~In~~
22 ~~making these determinations, the required State contribution~~
23 ~~shall be calculated each year as a level percentage of payroll~~
24 ~~over the years remaining to and including fiscal year 2045 and~~
25 ~~shall be determined under the projected unit credit actuarial~~
26 ~~cost method.~~

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section; except that (i) for State
6 fiscal year 1998, for all purposes of this Code and any other
7 law of this State, the certified percentage of the applicable
8 employee payroll shall be 5.052% for employees earning eligible
9 creditable service under Section 14-110 and 6.500% for all
10 other employees, notwithstanding any contrary certification
11 made under Section 14-135.08 before the effective date of this
12 amendatory Act of 1997, and (ii) in the following specified
13 State fiscal years, the State contribution to the System shall
14 not be less than the following indicated percentages of the
15 applicable employee payroll, even if the indicated percentage
16 will produce a State contribution in excess of the amount
17 otherwise required under this subsection and subsection (a):
18 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
19 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution to the System for State
22 fiscal year 2006 is \$203,783,900.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution to the System for State
25 fiscal year 2007 is \$344,164,400.

26 For each of State fiscal years 2008 through 2009, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 from the required State contribution for State fiscal year
4 2007, so that by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

6 Notwithstanding any other provision of this Article, the
7 total required State General Revenue Fund contribution for
8 State fiscal year 2010 is \$723,703,100 and shall be made from
9 the proceeds of bonds sold in fiscal year 2010 pursuant to
10 Section 7.2 of the General Obligation Bond Act, less (i) the
11 pro rata share of bond sale expenses determined by the System's
12 share of total bond proceeds, (ii) any amounts received from
13 the General Revenue Fund in fiscal year 2010, and (iii) any
14 reduction in bond proceeds due to the issuance of discounted
15 bonds, if applicable.

16 Notwithstanding any other provision of this Article, the
17 total required State General Revenue Fund contribution for
18 State fiscal year 2011 is the amount recertified by the System
19 on or before April 1, 2011 pursuant to Section 14-135.08 and
20 shall be made from the proceeds of bonds sold in fiscal year
21 2011 pursuant to Section 7.2 of the General Obligation Bond
22 Act, less (i) the pro rata share of bond sale expenses
23 determined by the System's share of total bond proceeds, (ii)
24 any amounts received from the General Revenue Fund in fiscal
25 year 2011, and (iii) any reduction in bond proceeds due to the
26 issuance of discounted bonds, if applicable.

1 Beginning in State fiscal year 2046, the minimum State
2 contribution for each fiscal year shall be the amount needed to
3 maintain the total assets of the System at 100% ~~90%~~ of the
4 total actuarial liabilities of the System.

5 Amounts received by the System pursuant to Section 25 of
6 the Budget Stabilization Act or Section 8.12 of the State
7 Finance Act in any fiscal year do not reduce and do not
8 constitute payment of any portion of the minimum State
9 contribution required under this Article in that fiscal year.
10 Such amounts shall not reduce, and shall not be included in the
11 calculation of, the required State contributions under this
12 Article in any future year until the System has reached a
13 funding ratio of at least 90%. A reference in this Article to
14 the "required State contribution" or any substantially similar
15 term does not include or apply to any amounts payable to the
16 System under Section 25 of the Budget Stabilization Act.

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under Section 14-135.08, shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

1 issued in fiscal year 2003 for the purposes of that Section
2 7.2, as determined and certified by the Comptroller, that is
3 the same as the System's portion of the total moneys
4 distributed under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act. In determining this maximum for State
6 fiscal years 2008 through 2010, however, the amount referred to
7 in item (i) shall be increased, as a percentage of the
8 applicable employee payroll, in equal increments calculated
9 from the sum of the required State contribution for State
10 fiscal year 2007 plus the applicable portion of the State's
11 total debt service payments for fiscal year 2007 on the bonds
12 issued in fiscal year 2003 for the purposes of Section 7.2 of
13 the General Obligation Bond Act, so that, by State fiscal year
14 2011, the State is contributing at the rate otherwise required
15 under this Section.

16 (f) After the submission of all payments for eligible
17 employees from personal services line items in fiscal year 2004
18 have been made, the Comptroller shall provide to the System a
19 certification of the sum of all fiscal year 2004 expenditures
20 for personal services that would have been covered by payments
21 to the System under this Section if the provisions of this
22 amendatory Act of the 93rd General Assembly had not been
23 enacted. Upon receipt of the certification, the System shall
24 determine the amount due to the System based on the full rate
25 certified by the Board under Section 14-135.08 for fiscal year
26 2004 in order to meet the State's obligation under this

1 Section. The System shall compare this amount due to the amount
2 received by the System in fiscal year 2004 through payments
3 under this Section and under Section 6z-61 of the State Finance
4 Act. If the amount due is more than the amount received, the
5 difference shall be termed the "Fiscal Year 2004 Shortfall" for
6 purposes of this Section, and the Fiscal Year 2004 Shortfall
7 shall be satisfied under Section 1.2 of the State Pension Funds
8 Continuing Appropriation Act. If the amount due is less than
9 the amount received, the difference shall be termed the "Fiscal
10 Year 2004 Overpayment" for purposes of this Section, and the
11 Fiscal Year 2004 Overpayment shall be repaid by the System to
12 the Pension Contribution Fund as soon as practicable after the
13 certification.

14 (g) For purposes of determining the required State
15 contribution to the System, the value of the System's assets
16 shall be equal to the actuarial value of the System's assets,
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (h) For purposes of determining the required State
26 contribution to the System for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the System's actuarially assumed rate of return.

3 (i) After the submission of all payments for eligible
4 employees from personal services line items paid from the
5 General Revenue Fund in fiscal year 2010 have been made, the
6 Comptroller shall provide to the System a certification of the
7 sum of all fiscal year 2010 expenditures for personal services
8 that would have been covered by payments to the System under
9 this Section if the provisions of this amendatory Act of the
10 96th General Assembly had not been enacted. Upon receipt of the
11 certification, the System shall determine the amount due to the
12 System based on the full rate certified by the Board under
13 Section 14-135.08 for fiscal year 2010 in order to meet the
14 State's obligation under this Section. The System shall compare
15 this amount due to the amount received by the System in fiscal
16 year 2010 through payments under this Section. If the amount
17 due is more than the amount received, the difference shall be
18 termed the "Fiscal Year 2010 Shortfall" for purposes of this
19 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
20 under Section 1.2 of the State Pension Funds Continuing
21 Appropriation Act. If the amount due is less than the amount
22 received, the difference shall be termed the "Fiscal Year 2010
23 Overpayment" for purposes of this Section, and the Fiscal Year
24 2010 Overpayment shall be repaid by the System to the General
25 Revenue Fund as soon as practicable after the certification.

26 (j) After the submission of all payments for eligible

1 employees from personal services line items paid from the
2 General Revenue Fund in fiscal year 2011 have been made, the
3 Comptroller shall provide to the System a certification of the
4 sum of all fiscal year 2011 expenditures for personal services
5 that would have been covered by payments to the System under
6 this Section if the provisions of this amendatory Act of the
7 96th General Assembly had not been enacted. Upon receipt of the
8 certification, the System shall determine the amount due to the
9 System based on the full rate certified by the Board under
10 Section 14-135.08 for fiscal year 2011 in order to meet the
11 State's obligation under this Section. The System shall compare
12 this amount due to the amount received by the System in fiscal
13 year 2011 through payments under this Section. If the amount
14 due is more than the amount received, the difference shall be
15 termed the "Fiscal Year 2011 Shortfall" for purposes of this
16 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
17 under Section 1.2 of the State Pension Funds Continuing
18 Appropriation Act. If the amount due is less than the amount
19 received, the difference shall be termed the "Fiscal Year 2011
20 Overpayment" for purposes of this Section, and the Fiscal Year
21 2011 Overpayment shall be repaid by the System to the General
22 Revenue Fund as soon as practicable after the certification.

23 (k) For fiscal year 2012 only, after the submission of all
24 payments for eligible employees from personal services line
25 items paid from the General Revenue Fund in the fiscal year
26 have been made, the Comptroller shall provide to the System a

1 certification of the sum of all expenditures in the fiscal year
2 for personal services. Upon receipt of the certification, the
3 System shall determine the amount due to the System based on
4 the full rate certified by the Board under Section 14-135.08
5 for the fiscal year in order to meet the State's obligation
6 under this Section. The System shall compare this amount due to
7 the amount received by the System for the fiscal year. If the
8 amount due is more than the amount received, the difference
9 shall be termed the "Fiscal Year Shortfall" for purposes of
10 this Section, and the Fiscal Year Shortfall shall be satisfied
11 under Section 1.2 of the State Pension Funds Continuing
12 Appropriation Act. If the amount due is less than the amount
13 received, the difference shall be termed the "Fiscal Year
14 Overpayment" for purposes of this Section, and the Fiscal Year
15 Overpayment shall be repaid by the System to the General
16 Revenue Fund as soon as practicable after the certification.

17 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
18 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
19 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11.)

20 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

21 Sec. 15-155. Employer contributions.

22 (a) The State of Illinois shall make contributions by
23 appropriations of amounts which, together with the other
24 employer contributions from trust, federal, and other funds,
25 employee contributions, income from investments, and other

1 income of this System, will be sufficient to meet the cost of
2 maintaining and administering the System on a 100% ~~90%~~ funded
3 basis in accordance with actuarial recommendations.

4 The Board shall determine the amount of State contributions
5 required for each fiscal year on the basis of the actuarial
6 tables and other assumptions adopted by the Board and the
7 recommendations of the actuary, using the formula in subsection
8 (a-1).

9 (a-1) For State fiscal years 2012 through 2043 ~~2045~~, the
10 minimum contribution to the System to be made by the State for
11 each fiscal year shall be an amount determined by the System to
12 be sufficient to bring the total assets of the System up to
13 100% ~~90%~~ of the total actuarial liabilities of the System by
14 the end of State fiscal year 2043 ~~2045~~.

15 Pursuant to Article XIII of the 1970 Constitution of the
16 State of Illinois, beginning on July 1, 2012, the State shall,
17 as a retirement benefit to each participant and annuitant of
18 the System be contractually obligated to the System (as a
19 fiduciary and trustee of the participants and annuitants) to
20 pay the Annual Required State Contribution, as determined by
21 the Board of the System using generally accepted actuarial
22 principles, as is necessary to bring the total assets of the
23 System up to 100% of the total actuarial liabilities of the
24 System by the end of State fiscal year 2043. As a further
25 retirement benefit and contractual obligation, each fiscal
26 year, the State shall pay to each designated retirement system

1 the Annual Required State Contribution certified by the Board
2 for that fiscal year. Payments of the Annual Required State
3 Contribution for each fiscal year shall be made in equal
4 monthly installments. This Section, and the security it
5 provides to participants and annuitants is intended to be, and
6 is, a contractual right that is part of the pension benefits
7 provided to the participants and annuitants. Notwithstanding
8 anything to the contrary in the Court of Claims Act or any
9 other law, a designated retirement system has the exclusive
10 right to and shall bring a Mandamus action in the Circuit Court
11 of Champaign County against the State to compel the State to
12 make any installment of the Annual Required State Contribution
13 required by this Section, irrespective of other remedies that
14 may be available to the System. Each member or annuitant of the
15 System has the right to bring a Mandamus action against the
16 System in the Circuit Court in any judicial district in which
17 the System maintains an office if the System fails to bring an
18 action specified in this Section, irrespective of other
19 remedies that may be available to the member or annuitant. In
20 making these determinations, the required State contribution
21 shall be calculated each year as a level percentage of payroll
22 over the years remaining to and including fiscal year 2045 and
23 shall be determined under the projected unit credit actuarial
24 cost method.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$252,064,100.

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2010 is
18 \$702,514,000 and shall be made from the State Pensions Fund and
19 proceeds of bonds sold in fiscal year 2010 pursuant to Section
20 7.2 of the General Obligation Bond Act, less (i) the pro rata
21 share of bond sale expenses determined by the System's share of
22 total bond proceeds, (ii) any amounts received from the General
23 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
24 proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is
2 the amount recertified by the System on or before April 1, 2011
3 pursuant to Section 15-165 and shall be made from the State
4 Pensions Fund and proceeds of bonds sold in fiscal year 2011
5 pursuant to Section 7.2 of the General Obligation Bond Act,
6 less (i) the pro rata share of bond sale expenses determined by
7 the System's share of total bond proceeds, (ii) any amounts
8 received from the General Revenue Fund in fiscal year 2011, and
9 (iii) any reduction in bond proceeds due to the issuance of
10 discounted bonds, if applicable.

11 Beginning in State fiscal year 2046, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 90% of the total
14 actuarial liabilities of the System.

15 Amounts received by the System pursuant to Section 25 of
16 the Budget Stabilization Act or Section 8.12 of the State
17 Finance Act in any fiscal year do not reduce and do not
18 constitute payment of any portion of the minimum State
19 contribution required under this Article in that fiscal year.
20 Such amounts shall not reduce, and shall not be included in the
21 calculation of, the required State contributions under this
22 Article in any future year until the System has reached a
23 funding ratio of at least 90%. A reference in this Article to
24 the "required State contribution" or any substantially similar
25 term does not include or apply to any amounts payable to the
26 System under Section 25 of the Budget Stabilization Act.

1 Notwithstanding any other provision of this Section, the
2 required State contribution for State fiscal year 2005 and for
3 fiscal year 2008 and each fiscal year thereafter, as calculated
4 under this Section and certified under Section 15-165, shall
5 not exceed an amount equal to (i) the amount of the required
6 State contribution that would have been calculated under this
7 Section for that fiscal year if the System had not received any
8 payments under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act, minus (ii) the portion of the State's
10 total debt service payments for that fiscal year on the bonds
11 issued in fiscal year 2003 for the purposes of that Section
12 7.2, as determined and certified by the Comptroller, that is
13 the same as the System's portion of the total moneys
14 distributed under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act. In determining this maximum for State
16 fiscal years 2008 through 2010, however, the amount referred to
17 in item (i) shall be increased, as a percentage of the
18 applicable employee payroll, in equal increments calculated
19 from the sum of the required State contribution for State
20 fiscal year 2007 plus the applicable portion of the State's
21 total debt service payments for fiscal year 2007 on the bonds
22 issued in fiscal year 2003 for the purposes of Section 7.2 of
23 the General Obligation Bond Act, so that, by State fiscal year
24 2011, the State is contributing at the rate otherwise required
25 under this Section.

26 (b) If an employee is paid from trust or federal funds, the

1 employer shall pay to the Board contributions from those funds
2 which are sufficient to cover the accruing normal costs on
3 behalf of the employee. However, universities having employees
4 who are compensated out of local auxiliary funds, income funds,
5 or service enterprise funds are not required to pay such
6 contributions on behalf of those employees. The local auxiliary
7 funds, income funds, and service enterprise funds of
8 universities shall not be considered trust funds for the
9 purpose of this Article, but funds of alumni associations,
10 foundations, and athletic associations which are affiliated
11 with the universities included as employers under this Article
12 and other employers which do not receive State appropriations
13 are considered to be trust funds for the purpose of this
14 Article.

15 (b-1) The City of Urbana and the City of Champaign shall
16 each make employer contributions to this System for their
17 respective firefighter employees who participate in this
18 System pursuant to subsection (h) of Section 15-107. The rate
19 of contributions to be made by those municipalities shall be
20 determined annually by the Board on the basis of the actuarial
21 assumptions adopted by the Board and the recommendations of the
22 actuary, and shall be expressed as a percentage of salary for
23 each such employee. The Board shall certify the rate to the
24 affected municipalities as soon as may be practical. The
25 employer contributions required under this subsection shall be
26 remitted by the municipality to the System at the same time and

1 in the same manner as employee contributions.

2 (c) Through State fiscal year 1995: The total employer
3 contribution shall be apportioned among the various funds of
4 the State and other employers, whether trust, federal, or other
5 funds, in accordance with actuarial procedures approved by the
6 Board. State of Illinois contributions for employers receiving
7 State appropriations for personal services shall be payable
8 from appropriations made to the employers or to the System. The
9 contributions for Class I community colleges covering earnings
10 other than those paid from trust and federal funds, shall be
11 payable solely from appropriations to the Illinois Community
12 College Board or the System for employer contributions.

13 (d) Beginning in State fiscal year 1996, the required State
14 contributions to the System shall be appropriated directly to
15 the System and shall be payable through vouchers issued in
16 accordance with subsection (c) of Section 15-165, except as
17 provided in subsection (g).

18 (e) The State Comptroller shall draw warrants payable to
19 the System upon proper certification by the System or by the
20 employer in accordance with the appropriation laws and this
21 Code.

22 (f) Normal costs under this Section means liability for
23 pensions and other benefits which accrues to the System because
24 of the credits earned for service rendered by the participants
25 during the fiscal year and expenses of administering the
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board
2 or any expenses incurred or deposits required in connection
3 therewith.

4 (g) If the amount of a participant's earnings for any
5 academic year used to determine the final rate of earnings,
6 determined on a full-time equivalent basis, exceeds the amount
7 of his or her earnings with the same employer for the previous
8 academic year, determined on a full-time equivalent basis, by
9 more than 6%, the participant's employer shall pay to the
10 System, in addition to all other payments required under this
11 Section and in accordance with guidelines established by the
12 System, the present value of the increase in benefits resulting
13 from the portion of the increase in earnings that is in excess
14 of 6%. This present value shall be computed by the System on
15 the basis of the actuarial assumptions and tables used in the
16 most recent actuarial valuation of the System that is available
17 at the time of the computation. The System may require the
18 employer to provide any pertinent information or
19 documentation.

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

1 specify in detail the grounds of the dispute and, if the
2 employer asserts that the calculation is subject to subsection
3 (h) or (i) of this Section, must include an affidavit setting
4 forth and attesting to all facts within the employer's
5 knowledge that are pertinent to the applicability of subsection
6 (h) or (i). Upon receiving a timely application for
7 recalculation, the System shall review the application and, if
8 appropriate, recalculate the amount due.

9 The employer contributions required under this subsection
10 (f) may be paid in the form of a lump sum within 90 days after
11 receipt of the bill. If the employer contributions are not paid
12 within 90 days after receipt of the bill, then interest will be
13 charged at a rate equal to the System's annual actuarially
14 assumed rate of return on investment compounded annually from
15 the 91st day after receipt of the bill. Payments must be
16 concluded within 3 years after the employer's receipt of the
17 bill.

18 (h) This subsection (h) applies only to payments made or
19 salary increases given on or after June 1, 2005 but before July
20 1, 2011. The changes made by Public Act 94-1057 shall not
21 require the System to refund any payments received before July
22 31, 2006 (the effective date of Public Act 94-1057).

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases paid to
25 participants under contracts or collective bargaining
26 agreements entered into, amended, or renewed before June 1,

1 2005.

2 When assessing payment for any amount due under subsection
3 (g), the System shall exclude earnings increases paid to a
4 participant at a time when the participant is 10 or more years
5 from retirement eligibility under Section 15-135.

6 When assessing payment for any amount due under subsection
7 (g), the System shall exclude earnings increases resulting from
8 overload work, including a contract for summer teaching, or
9 overtime when the employer has certified to the System, and the
10 System has approved the certification, that: (i) in the case of
11 overloads (A) the overload work is for the sole purpose of
12 academic instruction in excess of the standard number of
13 instruction hours for a full-time employee occurring during the
14 academic year that the overload is paid and (B) the earnings
15 increases are equal to or less than the rate of pay for
16 academic instruction computed using the participant's current
17 salary rate and work schedule; and (ii) in the case of
18 overtime, the overtime was necessary for the educational
19 mission.

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude any earnings increase resulting
22 from (i) a promotion for which the employee moves from one
23 classification to a higher classification under the State
24 Universities Civil Service System, (ii) a promotion in academic
25 rank for a tenured or tenure-track faculty position, or (iii) a
26 promotion that the Illinois Community College Board has

1 recommended in accordance with subsection (k) of this Section.
2 These earnings increases shall be excluded only if the
3 promotion is to a position that has existed and been filled by
4 a member for no less than one complete academic year and the
5 earnings increase as a result of the promotion is an increase
6 that results in an amount no greater than the average salary
7 paid for other similar positions.

8 (i) When assessing payment for any amount due under
9 subsection (g), the System shall exclude any salary increase
10 described in subsection (h) of this Section given on or after
11 July 1, 2011 but before July 1, 2014 under a contract or
12 collective bargaining agreement entered into, amended, or
13 renewed on or after June 1, 2005 but before July 1, 2011.
14 Notwithstanding any other provision of this Section, any
15 payments made or salary increases given after June 30, 2014
16 shall be used in assessing payment for any amount due under
17 subsection (g) of this Section.

18 (j) The System shall prepare a report and file copies of
19 the report with the Governor and the General Assembly by
20 January 1, 2007 that contains all of the following information:

21 (1) The number of recalculations required by the
22 changes made to this Section by Public Act 94-1057 for each
23 employer.

24 (2) The dollar amount by which each employer's
25 contribution to the System was changed due to
26 recalculations required by Public Act 94-1057.

1 (3) The total amount the System received from each
2 employer as a result of the changes made to this Section by
3 Public Act 94-4.

4 (4) The increase in the required State contribution
5 resulting from the changes made to this Section by Public
6 Act 94-1057.

7 (k) The Illinois Community College Board shall adopt rules
8 for recommending lists of promotional positions submitted to
9 the Board by community colleges and for reviewing the
10 promotional lists on an annual basis. When recommending
11 promotional lists, the Board shall consider the similarity of
12 the positions submitted to those positions recognized for State
13 universities by the State Universities Civil Service System.
14 The Illinois Community College Board shall file a copy of its
15 findings with the System. The System shall consider the
16 findings of the Illinois Community College Board when making
17 determinations under this Section. The System shall not exclude
18 any earnings increases resulting from a promotion when the
19 promotion was not submitted by a community college. Nothing in
20 this subsection (k) shall require any community college to
21 submit any information to the Community College Board.

22 (l) For purposes of determining the required State
23 contribution to the System, the value of the System's assets
24 shall be equal to the actuarial value of the System's assets,
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of
2 that date. In determining the actuarial value of the System's
3 assets for fiscal years after June 30, 2008, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

7 (m) For purposes of determining the required State
8 contribution to the system for a particular year, the actuarial
9 value of assets shall be assumed to earn a rate of return equal
10 to the system's actuarially assumed rate of return.

11 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
12 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
13 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

14 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

15 Sec. 16-158. Contributions by State and other employing
16 units.

17 (a) The State shall make contributions to the System by
18 means of appropriations from the Common School Fund and other
19 State funds of amounts which, together with other employer
20 contributions, employee contributions, investment income, and
21 other income, will be sufficient to meet the cost of
22 maintaining and administering the System on a 100% ~~90%~~ funded
23 basis in accordance with actuarial recommendations.

24 The Board shall determine the amount of State contributions
25 required for each fiscal year on the basis of the actuarial

1 tables and other assumptions adopted by the Board and the
2 recommendations of the actuary, using the formula in subsection
3 (b-3).

4 (a-1) Annually, on or before November 15, the Board shall
5 certify to the Governor the amount of the required State
6 contribution for the coming fiscal year. The certification
7 shall include a copy of the actuarial recommendations upon
8 which it is based.

9 On or before May 1, 2004, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2005, taking
12 into account the amounts appropriated to and received by the
13 System under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act.

15 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
16 recalculate and recertify to the Governor the amount of the
17 required State contribution to the System for State fiscal year
18 2006, taking into account the changes in required State
19 contributions made by this amendatory Act of the 94th General
20 Assembly.

21 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
22 recalculate and recertify to the Governor the amount of the
23 required State contribution to the System for State fiscal year
24 2011, applying the changes made by Public Act 96-889 to the
25 System's assets and liabilities as of June 30, 2009 as though
26 Public Act 96-889 was approved on that date.

1 (b) Through State fiscal year 1995, the State contributions
2 shall be paid to the System in accordance with Section 18-7 of
3 the School Code.

4 (b-1) Beginning in State fiscal year 1996, on the 15th day
5 of each month, or as soon thereafter as may be practicable, the
6 Board shall submit vouchers for payment of State contributions
7 to the System, in a total monthly amount of one-twelfth of the
8 required annual State contribution certified under subsection
9 (a-1). From the effective date of this amendatory Act of the
10 93rd General Assembly through June 30, 2004, the Board shall
11 not submit vouchers for the remainder of fiscal year 2004 in
12 excess of the fiscal year 2004 certified contribution amount
13 determined under this Section after taking into consideration
14 the transfer to the System under subsection (a) of Section
15 6z-61 of the State Finance Act. These vouchers shall be paid by
16 the State Comptroller and Treasurer by warrants drawn on the
17 funds appropriated to the System for that fiscal year.

18 If in any month the amount remaining unexpended from all
19 other appropriations to the System for the applicable fiscal
20 year (including the appropriations to the System under Section
21 8.12 of the State Finance Act and Section 1 of the State
22 Pension Funds Continuing Appropriation Act) is less than the
23 amount lawfully vouchered under this subsection, the
24 difference shall be paid from the Common School Fund under the
25 continuing appropriation authority provided in Section 1.1 of
26 the State Pension Funds Continuing Appropriation Act.

1 (b-2) Allocations from the Common School Fund apportioned
2 to school districts not coming under this System shall not be
3 diminished or affected by the provisions of this Article.

4 (b-3) For State fiscal years 2012 through 2043 ~~2045~~, the
5 minimum contribution to the System to be made by the State for
6 each fiscal year shall be an amount determined by the System to
7 be sufficient to bring the total assets of the System up to
8 100% ~~90%~~ of the total actuarial liabilities of the System by
9 the end of State fiscal year 2043 ~~2045~~.

10 Pursuant to Article XIII of the 1970 Constitution of the
11 State of Illinois, beginning on July 1, 2012, the State shall,
12 as a retirement benefit to each participant and annuitant of
13 the System be contractually obligated to the System (as a
14 fiduciary and trustee of the participants and annuitants) to
15 pay the Annual Required State Contribution, as determined by
16 the Board of the System using generally accepted actuarial
17 principles, as is necessary to bring the total assets of the
18 System up to 100% of the total actuarial liabilities of the
19 System by the end of State fiscal year 2043. As a further
20 retirement benefit and contractual obligation, each fiscal
21 year, the State shall pay to each designated retirement system
22 the Annual Required State Contribution certified by the Board
23 for that fiscal year. Payments of the Annual Required State
24 Contribution for each fiscal year shall be made in equal
25 monthly installments. This Section, and the security it
26 provides to participants and annuitants is intended to be, and

1 is, a contractual right that is part of the pension benefits
2 provided to the participants and annuitants. Notwithstanding
3 anything to the contrary in the Court of Claims Act or any
4 other law, a designated retirement system has the exclusive
5 right to and shall bring a Mandamus action in the Circuit Court
6 of Champaign County against the State to compel the State to
7 make any installment of the Annual Required State Contribution
8 required by this Section, irrespective of other remedies that
9 may be available to the System. Each member or annuitant of the
10 System has the right to bring a Mandamus action against the
11 System in the Circuit Court in any judicial district in which
12 the System maintains an office if the System fails to bring an
13 action specified in this Section, irrespective of other
14 remedies that may be available to the member or annuitant. ~~In~~
15 ~~making these determinations, the required State contribution~~
16 ~~shall be calculated each year as a level percentage of payroll~~
17 ~~over the years remaining to and including fiscal year 2045 and~~
18 ~~shall be determined under the projected unit credit actuarial~~
19 ~~cost method.~~

20 For State fiscal years 1996 through 2005, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 so that by State fiscal year 2011, the State is contributing at
24 the rate required under this Section; except that in the
25 following specified State fiscal years, the State contribution
26 to the System shall not be less than the following indicated

1 percentages of the applicable employee payroll, even if the
2 indicated percentage will produce a State contribution in
3 excess of the amount otherwise required under this subsection
4 and subsection (a), and notwithstanding any contrary
5 certification made under subsection (a-1) before the effective
6 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
7 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
8 2003; and 13.56% in FY 2004.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2006 is
11 \$534,627,700.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2007 is
14 \$738,014,500.

15 For each of State fiscal years 2008 through 2009, the State
16 contribution to the System, as a percentage of the applicable
17 employee payroll, shall be increased in equal annual increments
18 from the required State contribution for State fiscal year
19 2007, so that by State fiscal year 2011, the State is
20 contributing at the rate otherwise required under this Section.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2010 is
23 \$2,089,268,000 and shall be made from the proceeds of bonds
24 sold in fiscal year 2010 pursuant to Section 7.2 of the General
25 Obligation Bond Act, less (i) the pro rata share of bond sale
26 expenses determined by the System's share of total bond

1 proceeds, (ii) any amounts received from the Common School Fund
2 in fiscal year 2010, and (iii) any reduction in bond proceeds
3 due to the issuance of discounted bonds, if applicable.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2011 is
6 the amount recertified by the System on or before April 1, 2011
7 pursuant to subsection (a-1) of this Section and shall be made
8 from the proceeds of bonds sold in fiscal year 2011 pursuant to
9 Section 7.2 of the General Obligation Bond Act, less (i) the
10 pro rata share of bond sale expenses determined by the System's
11 share of total bond proceeds, (ii) any amounts received from
12 the Common School Fund in fiscal year 2011, and (iii) any
13 reduction in bond proceeds due to the issuance of discounted
14 bonds, if applicable. This amount shall include, in addition to
15 the amount certified by the System, an amount necessary to meet
16 employer contributions required by the State as an employer
17 under paragraph (e) of this Section, which may also be used by
18 the System for contributions required by paragraph (a) of
19 Section 16-127.

20 Beginning in State fiscal year 2043 ~~2046~~, the minimum State
21 contribution for each fiscal year shall be the amount needed to
22 maintain the total assets of the System at 100% ~~90%~~ of the
23 total actuarial liabilities of the System.

24 Amounts received by the System pursuant to Section 25 of
25 the Budget Stabilization Act or Section 8.12 of the State
26 Finance Act in any fiscal year do not reduce and do not

1 constitute payment of any portion of the minimum State
2 contribution required under this Article in that fiscal year.
3 Such amounts shall not reduce, and shall not be included in the
4 calculation of, the required State contributions under this
5 Article in any future year until the System has reached a
6 funding ratio of at least 90%. A reference in this Article to
7 the "required State contribution" or any substantially similar
8 term does not include or apply to any amounts payable to the
9 System under Section 25 of the Budget Stabilization Act.

10 Notwithstanding any other provision of this Section, the
11 required State contribution for State fiscal year 2005 and for
12 fiscal year 2008 and each fiscal year thereafter, as calculated
13 under this Section and certified under subsection (a-1), shall
14 not exceed an amount equal to (i) the amount of the required
15 State contribution that would have been calculated under this
16 Section for that fiscal year if the System had not received any
17 payments under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act, minus (ii) the portion of the State's
19 total debt service payments for that fiscal year on the bonds
20 issued in fiscal year 2003 for the purposes of that Section
21 7.2, as determined and certified by the Comptroller, that is
22 the same as the System's portion of the total moneys
23 distributed under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act. In determining this maximum for State
25 fiscal years 2008 through 2010, however, the amount referred to
26 in item (i) shall be increased, as a percentage of the

1 applicable employee payroll, in equal increments calculated
2 from the sum of the required State contribution for State
3 fiscal year 2007 plus the applicable portion of the State's
4 total debt service payments for fiscal year 2007 on the bonds
5 issued in fiscal year 2003 for the purposes of Section 7.2 of
6 the General Obligation Bond Act, so that, by State fiscal year
7 2011, the State is contributing at the rate otherwise required
8 under this Section.

9 (c) Payment of the required State contributions and of all
10 pensions, retirement annuities, death benefits, refunds, and
11 other benefits granted under or assumed by this System, and all
12 expenses in connection with the administration and operation
13 thereof, are obligations of the State.

14 If members are paid from special trust or federal funds
15 which are administered by the employing unit, whether school
16 district or other unit, the employing unit shall pay to the
17 System from such funds the full accruing retirement costs based
18 upon that service, as determined by the System. Employer
19 contributions, based on salary paid to members from federal
20 funds, may be forwarded by the distributing agency of the State
21 of Illinois to the System prior to allocation, in an amount
22 determined in accordance with guidelines established by such
23 agency and the System.

24 (d) Effective July 1, 1986, any employer of a teacher as
25 defined in paragraph (8) of Section 16-106 shall pay the
26 employer's normal cost of benefits based upon the teacher's

1 service, in addition to employee contributions, as determined
2 by the System. Such employer contributions shall be forwarded
3 monthly in accordance with guidelines established by the
4 System.

5 However, with respect to benefits granted under Section
6 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
7 of Section 16-106, the employer's contribution shall be 12%
8 (rather than 20%) of the member's highest annual salary rate
9 for each year of creditable service granted, and the employer
10 shall also pay the required employee contribution on behalf of
11 the teacher. For the purposes of Sections 16-133.4 and
12 16-133.5, a teacher as defined in paragraph (8) of Section
13 16-106 who is serving in that capacity while on leave of
14 absence from another employer under this Article shall not be
15 considered an employee of the employer from which the teacher
16 is on leave.

17 (e) Beginning July 1, 1998, every employer of a teacher
18 shall pay to the System an employer contribution computed as
19 follows:

20 (1) Beginning July 1, 1998 through June 30, 1999, the
21 employer contribution shall be equal to 0.3% of each
22 teacher's salary.

23 (2) Beginning July 1, 1999 and thereafter, the employer
24 contribution shall be equal to 0.58% of each teacher's
25 salary.

26 The school district or other employing unit may pay these

1 employer contributions out of any source of funding available
2 for that purpose and shall forward the contributions to the
3 System on the schedule established for the payment of member
4 contributions.

5 These employer contributions are intended to offset a
6 portion of the cost to the System of the increases in
7 retirement benefits resulting from this amendatory Act of 1998.

8 Each employer of teachers is entitled to a credit against
9 the contributions required under this subsection (e) with
10 respect to salaries paid to teachers for the period January 1,
11 2002 through June 30, 2003, equal to the amount paid by that
12 employer under subsection (a-5) of Section 6.6 of the State
13 Employees Group Insurance Act of 1971 with respect to salaries
14 paid to teachers for that period.

15 The additional 1% employee contribution required under
16 Section 16-152 by this amendatory Act of 1998 is the
17 responsibility of the teacher and not the teacher's employer,
18 unless the employer agrees, through collective bargaining or
19 otherwise, to make the contribution on behalf of the teacher.

20 If an employer is required by a contract in effect on May
21 1, 1998 between the employer and an employee organization to
22 pay, on behalf of all its full-time employees covered by this
23 Article, all mandatory employee contributions required under
24 this Article, then the employer shall be excused from paying
25 the employer contribution required under this subsection (e)
26 for the balance of the term of that contract. The employer and

1 the employee organization shall jointly certify to the System
2 the existence of the contractual requirement, in such form as
3 the System may prescribe. This exclusion shall cease upon the
4 termination, extension, or renewal of the contract at any time
5 after May 1, 1998.

6 (f) If the amount of a teacher's salary for any school year
7 used to determine final average salary exceeds the member's
8 annual full-time salary rate with the same employer for the
9 previous school year by more than 6%, the teacher's employer
10 shall pay to the System, in addition to all other payments
11 required under this Section and in accordance with guidelines
12 established by the System, the present value of the increase in
13 benefits resulting from the portion of the increase in salary
14 that is in excess of 6%. This present value shall be computed
15 by the System on the basis of the actuarial assumptions and
16 tables used in the most recent actuarial valuation of the
17 System that is available at the time of the computation. If a
18 teacher's salary for the 2005-2006 school year is used to
19 determine final average salary under this subsection (f), then
20 the changes made to this subsection (f) by Public Act 94-1057
21 shall apply in calculating whether the increase in his or her
22 salary is in excess of 6%. For the purposes of this Section,
23 change in employment under Section 10-21.12 of the School Code
24 on or after June 1, 2005 shall constitute a change in employer.
25 The System may require the employer to provide any pertinent
26 information or documentation. The changes made to this

1 subsection (f) by this amendatory Act of the 94th General
2 Assembly apply without regard to whether the teacher was in
3 service on or after its effective date.

4 Whenever it determines that a payment is or may be required
5 under this subsection, the System shall calculate the amount of
6 the payment and bill the employer for that amount. The bill
7 shall specify the calculations used to determine the amount
8 due. If the employer disputes the amount of the bill, it may,
9 within 30 days after receipt of the bill, apply to the System
10 in writing for a recalculation. The application must specify in
11 detail the grounds of the dispute and, if the employer asserts
12 that the calculation is subject to subsection (g) or (h) of
13 this Section, must include an affidavit setting forth and
14 attesting to all facts within the employer's knowledge that are
15 pertinent to the applicability of that subsection. Upon
16 receiving a timely application for recalculation, the System
17 shall review the application and, if appropriate, recalculate
18 the amount due.

19 The employer contributions required under this subsection
20 (f) may be paid in the form of a lump sum within 90 days after
21 receipt of the bill. If the employer contributions are not paid
22 within 90 days after receipt of the bill, then interest will be
23 charged at a rate equal to the System's annual actuarially
24 assumed rate of return on investment compounded annually from
25 the 91st day after receipt of the bill. Payments must be
26 concluded within 3 years after the employer's receipt of the

1 bill.

2 (g) This subsection (g) applies only to payments made or
3 salary increases given on or after June 1, 2005 but before July
4 1, 2011. The changes made by Public Act 94-1057 shall not
5 require the System to refund any payments received before July
6 31, 2006 (the effective date of Public Act 94-1057).

7 When assessing payment for any amount due under subsection
8 (f), the System shall exclude salary increases paid to teachers
9 under contracts or collective bargaining agreements entered
10 into, amended, or renewed before June 1, 2005.

11 When assessing payment for any amount due under subsection
12 (f), the System shall exclude salary increases paid to a
13 teacher at a time when the teacher is 10 or more years from
14 retirement eligibility under Section 16-132 or 16-133.2.

15 When assessing payment for any amount due under subsection
16 (f), the System shall exclude salary increases resulting from
17 overload work, including summer school, when the school
18 district has certified to the System, and the System has
19 approved the certification, that (i) the overload work is for
20 the sole purpose of classroom instruction in excess of the
21 standard number of classes for a full-time teacher in a school
22 district during a school year and (ii) the salary increases are
23 equal to or less than the rate of pay for classroom instruction
24 computed on the teacher's current salary and work schedule.

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude a salary increase resulting from

1 a promotion (i) for which the employee is required to hold a
2 certificate or supervisory endorsement issued by the State
3 Teacher Certification Board that is a different certification
4 or supervisory endorsement than is required for the teacher's
5 previous position and (ii) to a position that has existed and
6 been filled by a member for no less than one complete academic
7 year and the salary increase from the promotion is an increase
8 that results in an amount no greater than the lesser of the
9 average salary paid for other similar positions in the district
10 requiring the same certification or the amount stipulated in
11 the collective bargaining agreement for a similar position
12 requiring the same certification.

13 When assessing payment for any amount due under subsection
14 (f), the System shall exclude any payment to the teacher from
15 the State of Illinois or the State Board of Education over
16 which the employer does not have discretion, notwithstanding
17 that the payment is included in the computation of final
18 average salary.

19 (h) When assessing payment for any amount due under
20 subsection (f), the System shall exclude any salary increase
21 described in subsection (g) of this Section given on or after
22 July 1, 2011 but before July 1, 2014 under a contract or
23 collective bargaining agreement entered into, amended, or
24 renewed on or after June 1, 2005 but before July 1, 2011.
25 Notwithstanding any other provision of this Section, any
26 payments made or salary increases given after June 30, 2014

1 shall be used in assessing payment for any amount due under
2 subsection (f) of this Section.

3 (i) The System shall prepare a report and file copies of
4 the report with the Governor and the General Assembly by
5 January 1, 2007 that contains all of the following information:

6 (1) The number of recalculations required by the
7 changes made to this Section by Public Act 94-1057 for each
8 employer.

9 (2) The dollar amount by which each employer's
10 contribution to the System was changed due to
11 recalculations required by Public Act 94-1057.

12 (3) The total amount the System received from each
13 employer as a result of the changes made to this Section by
14 Public Act 94-4.

15 (4) The increase in the required State contribution
16 resulting from the changes made to this Section by Public
17 Act 94-1057.

18 (j) For purposes of determining the required State
19 contribution to the System, the value of the System's assets
20 shall be equal to the actuarial value of the System's assets,
21 which shall be calculated as follows:

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

3 (k) For purposes of determining the required State
4 contribution to the system for a particular year, the actuarial
5 value of assets shall be assumed to earn a rate of return equal
6 to the system's actuarially assumed rate of return.

7 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
8 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
9 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

10 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

11 Sec. 18-131. Financing; employer contributions.

12 (a) The State of Illinois shall make contributions to this
13 System by appropriations of the amounts which, together with
14 the contributions of participants, net earnings on
15 investments, and other income, will meet the costs of
16 maintaining and administering this System on a 100% ~~90%~~ funded
17 basis in accordance with actuarial recommendations.

18 (b) The Board shall determine the amount of State
19 contributions required for each fiscal year on the basis of the
20 actuarial tables and other assumptions adopted by the Board and
21 the prescribed rate of interest, using the formula in
22 subsection (c).

23 (c) For State fiscal years 2012 through 2043 ~~2045~~, the
24 minimum contribution to the System to be made by the State for
25 each fiscal year shall be an amount determined by the System to

1 be sufficient to bring the total assets of the System up to
2 100% ~~90%~~ of the total actuarial liabilities of the System by
3 the end of State fiscal year 2043 ~~2045~~.

4 Pursuant to Article XIII of the 1970 Constitution of the
5 State of Illinois, beginning on July 1, 2012, the State shall,
6 as a retirement benefit to each participant and annuitant of
7 the System be contractually obligated to the System (as a
8 fiduciary and trustee of the participants and annuitants) to
9 pay the Annual Required State Contribution, as determined by
10 the Board of the System using generally accepted actuarial
11 principles, as is necessary to bring the total assets of the
12 System up to 100% of the total actuarial liabilities of the
13 System by the end of State fiscal year 2043. As a further
14 retirement benefit and contractual obligation, each fiscal
15 year, the State shall pay to each designated retirement system
16 the Annual Required State Contribution certified by the Board
17 for that fiscal year. Payments of the Annual Required State
18 Contribution for each fiscal year shall be made in equal
19 monthly installments. This Section, and the security it
20 provides to participants and annuitants is intended to be, and
21 is, a contractual right that is part of the pension benefits
22 provided to the participants and annuitants. Notwithstanding
23 anything to the contrary in the Court of Claims Act or any
24 other law, a designated retirement system has the exclusive
25 right to and shall bring a Mandamus action in the Circuit Court
26 of Champaign County against the State to compel the State to

1 make any installment of the Annual Required State Contribution
2 required by this Section, irrespective of other remedies that
3 may be available to the System. Each member or annuitant of the
4 System has the right to bring a Mandamus action against the
5 System in the Circuit Court in any judicial district in which
6 the System maintains an office if the System fails to bring an
7 action specified in this Section, irrespective of other
8 remedies that may be available to the member or annuitant. ~~In~~
9 ~~making these determinations, the required State contribution~~
10 ~~shall be calculated each year as a level percentage of payroll~~
11 ~~over the years remaining to and including fiscal year 2045 and~~
12 ~~shall be determined under the projected unit credit actuarial~~
13 ~~cost method.~~

14 For State fiscal years 1996 through 2005, the State
15 contribution to the System, as a percentage of the applicable
16 employee payroll, shall be increased in equal annual increments
17 so that by State fiscal year 2011, the State is contributing at
18 the rate required under this Section.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2006 is
21 \$29,189,400.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2007 is
24 \$35,236,800.

25 For each of State fiscal years 2008 through 2009, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 from the required State contribution for State fiscal year
3 2007, so that by State fiscal year 2011, the State is
4 contributing at the rate otherwise required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2010 is
7 \$78,832,000 and shall be made from the proceeds of bonds sold
8 in fiscal year 2010 pursuant to Section 7.2 of the General
9 Obligation Bond Act, less (i) the pro rata share of bond sale
10 expenses determined by the System's share of total bond
11 proceeds, (ii) any amounts received from the General Revenue
12 Fund in fiscal year 2010, and (iii) any reduction in bond
13 proceeds due to the issuance of discounted bonds, if
14 applicable.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2011 is
17 the amount recertified by the System on or before April 1, 2011
18 pursuant to Section 18-140 and shall be made from the proceeds
19 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
20 the General Obligation Bond Act, less (i) the pro rata share of
21 bond sale expenses determined by the System's share of total
22 bond proceeds, (ii) any amounts received from the General
23 Revenue Fund in fiscal year 2011, and (iii) any reduction in
24 bond proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Beginning in State fiscal year 2043 ~~2046~~, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 100% ~~90%~~ of the
3 total actuarial liabilities of the System.

4 Amounts received by the System pursuant to Section 25 of
5 the Budget Stabilization Act or Section 8.12 of the State
6 Finance Act in any fiscal year do not reduce and do not
7 constitute payment of any portion of the minimum State
8 contribution required under this Article in that fiscal year.
9 Such amounts shall not reduce, and shall not be included in the
10 calculation of, the required State contributions under this
11 Article in any future year until the System has reached a
12 funding ratio of at least 90%. A reference in this Article to
13 the "required State contribution" or any substantially similar
14 term does not include or apply to any amounts payable to the
15 System under Section 25 of the Budget Stabilization Act.

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter, as calculated
19 under this Section and certified under Section 18-140, shall
20 not exceed an amount equal to (i) the amount of the required
21 State contribution that would have been calculated under this
22 Section for that fiscal year if the System had not received any
23 payments under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act, minus (ii) the portion of the State's
25 total debt service payments for that fiscal year on the bonds
26 issued in fiscal year 2003 for the purposes of that Section

1 7.2, as determined and certified by the Comptroller, that is
2 the same as the System's portion of the total moneys
3 distributed under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act. In determining this maximum for State
5 fiscal years 2008 through 2010, however, the amount referred to
6 in item (i) shall be increased, as a percentage of the
7 applicable employee payroll, in equal increments calculated
8 from the sum of the required State contribution for State
9 fiscal year 2007 plus the applicable portion of the State's
10 total debt service payments for fiscal year 2007 on the bonds
11 issued in fiscal year 2003 for the purposes of Section 7.2 of
12 the General Obligation Bond Act, so that, by State fiscal year
13 2011, the State is contributing at the rate otherwise required
14 under this Section.

15 (d) For purposes of determining the required State
16 contribution to the System, the value of the System's assets
17 shall be equal to the actuarial value of the System's assets,
18 which shall be calculated as follows:

19 As of June 30, 2008, the actuarial value of the System's
20 assets shall be equal to the market value of the assets as of
21 that date. In determining the actuarial value of the System's
22 assets for fiscal years after June 30, 2008, any actuarial
23 gains or losses from investment return incurred in a fiscal
24 year shall be recognized in equal annual amounts over the
25 5-year period following that fiscal year.

26 (e) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the system's actuarially assumed rate of return.

4 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
5 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
6 3-18-11; revised 4-6-11.)

7 Section 95. No acceleration or delay. Where this Act makes
8 changes in a statute that is represented in this Act by text
9 that is not yet or no longer in effect (for example, a Section
10 represented by multiple versions), the use of that text does
11 not accelerate or delay the taking effect of (i) the changes
12 made by this Act or (ii) provisions derived from any other
13 Public Act.

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

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3	30 ILCS 122/20	
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5	35 ILCS 105/3-10	
6	35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
7	35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
8	35 ILCS 120/2-10	
9	35 ILCS 505/2	from Ch. 120, par. 418
10	35 ILCS 505/8	from Ch. 120, par. 424
11	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
12	40 ILCS 5/14-131	
13	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
14	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
15	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131