



**97TH GENERAL ASSEMBLY**

**State of Illinois**

**2011 and 2012**

**SENATE JOINT RESOLUTION**

**CONSTITUTIONAL AMENDMENT**

**SC0025**

Introduced 3/2/2011, by Sen. Matt Murphy - Dale A. Righter

**SYNOPSIS AS INTRODUCED:**

Proposes to add a Pension Funding and Fairness Article to the Illinois Constitution. Provides that the maximum annual percentage change in State fiscal year spending may not exceed the inflation adjustment factor plus the population adjustment factor. Provides that, in order to adopt an increase in State spending beyond that limit or an increase in State revenue, the measure must be approved by a three-fifths supermajority vote of each chamber of the General Assembly and must be approved by a majority of voters. Provides for the imposition of an emergency tax. Establishes the Past Due Paydown Fund, into which the Comptroller shall transfer any amount necessary up to the total past due operating debt owed by the State, and provides that the General Assembly may authorize transfers, appropriations, and allocations from the fund to fund only the costs of paying down the remaining past due debt. Requires any remaining funds to be transferred into the State Budget Stabilization Fund. Establishes the State Budget Stabilization Fund to fund the costs of State government up to the expenditure limit in years when State revenues are less than the amount necessary to finance expenditures. Limits the fund from exceeding 8% of the total General Fund revenues received in the immediately preceding fiscal year, and requires the transfer of any excess into the Taxpayer Relief Fund. Establishes the Taxpayer Relief Fund, and provides that, if the amount in that fund exceeds 1% of General Fund expenditures, then the General Assembly shall enact legislation to provide for the refund to taxpayers of amounts in the fund. Contains provisions concerning annual pension payments. Effective upon being declared adopted in accordance with Section 7 of the Illinois Constitutional Amendment Act.

LRB097 07767 JDS 47879 e

1 SENATE JOINT RESOLUTION  
2 CONSTITUTIONAL AMENDMENT

3 RESOLVED, BY THE SENATE OF THE NINETY-SEVENTH GENERAL  
4 ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES  
5 CONCURRING HEREIN, that there shall be submitted to the  
6 electors of the State for adoption or rejection at the general  
7 election next occurring at least 6 months after the adoption of  
8 this resolution a proposition to add Article XIII 1/2 of the  
9 Illinois Constitution as follows:

10 (ILCON Art. XIII 1/2 heading new)

11 ARTICLE XIII 1/2

12 PENSION FUNDING AND FAIRNESS

13 (ILCON Art. XIII 1/2, Sec. 1 new)

14 SECTION 1. DEFINITIONS

15 As used in this Article:

16 "Emergency" means extraordinary circumstances outside the  
17 control of the General Assembly, including catastrophic  
18 events, such as a natural disaster, terrorism, fire, war, and  
19 riot, as well as court orders or decrees.

20 "General Fund" means the General Revenue Fund, Common  
21 School Fund, and Education Assistance Fund.

22 "Increase in State revenue" means any net gain in State  
23 revenue of at least 0.01% of General Fund revenue in at least

1 one fiscal year that results from (1) enacting a new tax or  
2 fee; (2) increasing the rate or expanding the base of an  
3 existing tax or fee; (3) repealing or reducing a tax exemption,  
4 credit, or refund; or (4) extending an expiring tax increase or  
5 fee.

6 "Inflation adjustment factor" means the annual percentage  
7 increase in the Chicago Metropolitan Statistical Area Consumer  
8 Price Index for the most recently available calendar year as  
9 calculated by the United States Department of Labor, Bureau of  
10 Labor Statistics. The inflation adjustment factor may not be  
11 less than zero or more than 10%.

12 "Monthly pro rata pension payment" means the average  
13 monthly pension payment calculated by dividing the total fiscal  
14 year annual pension payment by 12 months.

15 "Pension payment" means the total annual required pension  
16 payment for each fiscal year as defined by the Commission on  
17 Government Forecasting and Accountability following generally  
18 accepted accounting principles.

19 "Population adjustment factor" means the average annual  
20 percentage increase in population for the 3 most recent years  
21 for which data is available, as determined annually by the  
22 United States Department of Commerce, Census Bureau. The  
23 population adjustment factor may not be less than zero.

24 "Revenue" means taxes and fees collected by the State.

25 "State spending" means any authorized State appropriations  
26 and allocations.

1       "Tax" means any amount raised for the general support of  
2 government functions.

3           (IILCON Art. XIII 1/2, Sec. 2 new)

4 SECTION 2. SPENDING GROWTH INDEX

5       (a) Beginning with the fiscal year that starts after  
6 Article XII 1/2 takes effect, the maximum annual percentage  
7 change in State fiscal year spending in the categories  
8 specified may not exceed the inflation adjustment factor plus  
9 the population adjustment factor. This limitation, the  
10 Spending Growth Index, must be calculated separately for the  
11 following categories: General Fund; Road Fund; and all other  
12 funds.

13       (b) The following may not be counted in calculating  
14 expenditure limitations or, if applicable, revenue  
15 limitations:

16           (1) Amounts returned to taxpayers as refunds of amounts  
17 exceeding the expenditure limitation in a prior year.

18           (2) Amounts received from the federal government.

19           (3) Amounts collected on behalf of another level of  
20 government.

21           (4) Pension contributions by employees and pension  
22 fund earnings.

23           (5) Pension and disability payments made to former  
24 government employees.

25           (6) Amounts received as grants, gifts, or donations

1 that must be spent for purposes specified by the donor.

2 (7) Amounts paid pursuant to a court award.

3 (8) Reserve transfers.

4 (ILCON Art. XIII 1/2, Sec. 3 new)

5 SECTION 3. APPROVAL OF EXPENDITURE INCREASES

6 (a) In order to adopt an increase in State spending beyond  
7 the limitation set forth in Section 2 of this Article, the  
8 measure must be approved by a three-fifths supermajority vote  
9 of all members of each house of the General Assembly and must  
10 be approved by a majority of voters. Voter approval is not  
11 required if the spending is as a result of an increase in State  
12 revenue under Section 4 of this Article.

13 (b) The question of whether to adopt legislation to allow  
14 an increase in State spending beyond the limitation set forth  
15 in Section 2 of this Article must be submitted to the voters  
16 for approval at the next general election. If the General  
17 Assembly determines by a three-fifths supermajority vote that  
18 legislation to increase spending beyond the limitation should  
19 take effect sooner than the next general election, the General  
20 Assembly may provide for submission of the question to the  
21 voters at any regular or special election.

22 A measure submitted to the voters must include an estimate  
23 as set forth in the legislation of the spending increase  
24 resulting from the measure for the first 3 fiscal years of its  
25 implementation.

1       (c) At least 30 days before an election at which voter  
2 approval of an increase in State spending is sought, the  
3 Secretary of State shall mail, at least once, a titled notice  
4 or set of notices addressed to all registered voters in the  
5 State at each address of every registered voter. Notices must  
6 include all of the following information and may not include  
7 any additional information:

8           (1) The election date, hours, ballot title, and text.

9           (2) For each proposed spending increase, the estimated  
10 or actual total of fiscal year spending for the current  
11 year and each of the past 4 years, and the overall  
12 percentage and dollar change.

13           (3) For the first full fiscal year of each proposed  
14 spending increase, estimates of the maximum dollar amount  
15 of each increase and of fiscal year spending without the  
16 increase.

17       (d) Ballot questions for spending increases must begin:  
18 "Shall State spending increase by (amount of first or, if  
19 phased in, full fiscal year dollar increase) annually for the  
20 purpose of . . .? ".

21       (e) The State shall reimburse municipalities and counties  
22 for the costs of a special election.

23           (IILCON Art. XIII 1/2, Sec. 4 new)

24       SECTION 4. APPROVAL OF REVENUE INCREASES

25       (a) In order to adopt an increase in State revenue, the

1 measure must be approved by a three-fifths supermajority vote  
2 of all members of each house of the General Assembly and must  
3 be approved by a majority of voters. Voter approval is not  
4 required if annual State revenue is less than annual payments  
5 on general obligation bonds, required payments relating to  
6 pensions, and final court judgments or if the measure is an  
7 emergency tax.

8 (b) The question of whether to adopt legislation to impose  
9 an increase in revenue of the State must be submitted to the  
10 voters for approval at the next general election. If the  
11 General Assembly determines by a three-fifths supermajority  
12 vote that legislation to increase revenue via an emergency tax  
13 should take effect sooner than the next general election, the  
14 General Assembly may provide for submission of the question to  
15 the voters at any regular or special election.

16 A measure submitted to the voters must include an estimate  
17 of the amount to be raised by the measure for the first 3  
18 fiscal years of its implementation.

19 (c) At least 30 days before an election at which voter  
20 approval of a revenue increase is sought, the Secretary of  
21 State shall mail, at least once, a titled notice or set of  
22 notices addressed to all registered voters at each address of  
23 every registered voter. Notices must include all of the  
24 following information and may not include any additional  
25 information:

26 (1) The election date, hours, ballot title, and text.

1           (2) For each proposed revenue increase, the estimated  
2           or actual total of fiscal year spending for the current  
3           year and each of the past 4 years, and the overall  
4           percentage and dollar change.

5           (3) For the first full fiscal year of each proposed  
6           revenue increase, estimates of the maximum dollar amount of  
7           each increase and of fiscal year spending without the  
8           increase.

9           (d) Ballot questions for revenue increases must begin:  
10          "Shall (description of the tax increase) to increase State  
11          revenues by (amount of first or, if phased in, full fiscal year  
12          dollar increase) annually for the purpose of . . .?".

13          (e) The State shall reimburse municipalities and counties  
14          for the costs of a special election.

15           (IILCON Art. XIII 1/2, Sec. 5 new)

16          SECTION 5. EMERGENCY TAXES

17          (a) The State may impose emergency taxes only in accordance  
18          with this Section.

19          (b) The tax must be approved for a specified time period by  
20          a three-fifths majority of the members of each house of the  
21          General Assembly.

22          (c) Emergency tax revenue may be spent only after other  
23          available reserves are depleted and must be refunded 180 days  
24          after the emergency ends if not spent on the emergency.

25          (d) The tax must be submitted for approval by the voters at



1 the next regular election.

2 (e) If not approved by the voters as provided in subsection  
3 (d), the emergency tax expires 30 days following the election.

4 (f) The provisions of this Section apply notwithstanding  
5 Article IX.

6 (ILCON Art. XIII 1/2, Sec. 6 new)

7 SECTION 6. PAST DUE PAYDOWN FUND

8 (a) The Past Due Paydown Fund is established and must be  
9 administered for the purposes identified in this Section. At  
10 the close of the lapse period of each fiscal year, the State  
11 Comptroller shall identify the amount of General Fund  
12 unappropriated surplus above the Spending Growth Index  
13 limitation and transfer to the fund any amount necessary up to  
14 the total past due operating debt owed by the State as of the  
15 close of that fiscal year.

16 (b) The General Assembly may authorize transfers,  
17 appropriations, and allocations from the fund only to fund the  
18 costs of paying down the remaining past due debt until such  
19 debt is zero. Any remaining funds shall be transferred to the  
20 State Budget Stabilization Fund.

21 (ILCON Art. XIII 1/2, Sec. 7 new)

22 SECTION 7. STATE BUDGET STABILIZATION FUND

23 (a) The State Budget Stabilization Fund is established and  
24 must be administered for the purposes identified in this

1 Section. At the close of the lapse period of each fiscal year,  
2 the State Comptroller shall identify the amount of General Fund  
3 unappropriated surplus above the State Spending Growth Index  
4 expenditure limitation and above the amount necessary to fully  
5 fund and pay down the past due operating debt to zero. The fund  
6 may not exceed 8% of the total General Fund revenues received  
7 in the immediately preceding fiscal year.

8 (b) The General Assembly may authorize transfers,  
9 appropriations, and allocations from the fund to fund only the  
10 costs of State government up to the expenditure limit  
11 calculated under Section 2 in years when State revenues are  
12 less than the amount necessary to finance the level of  
13 expenditures permitted under Section 2. Transfers require a  
14 three-fifths supermajority vote of the General Assembly.

15 (c) The money in the fund may be invested as provided by  
16 law, with the earnings credited to the fund. At the close of  
17 every month during which the fund is at the 8% limitation, the  
18 State Comptroller shall transfer the excess to the Taxpayer  
19 Relief Fund.

20 (ILCON Art. XIII 1/2, Sec. 8 new)

21 SECTION 8. TAXPAYER RELIEF FUND

22 (a) The Taxpayer Relief Fund is established and must be  
23 administered for the purposes identified in this Section. At  
24 the close of the lapse period of each fiscal year, the State  
25 Comptroller shall identify the amount of the General Fund

1 unappropriated surplus above the State expenditure limitation  
2 and above the amount necessary to fully fund the Past Due  
3 Paydown Fund and the Budget Stabilization Fund.

4 (b) By August 1st annually, the State Comptroller shall  
5 notify the Commission on Government Forecasting and  
6 Accountability and the Department of Revenue of the amount in  
7 the fund as a result of the transfers.

8 (c) If the amount in the fund exceeds 1% of General Fund  
9 expenditures, then the General Assembly shall, by November  
10 15th, enact legislation to provide for the refund to taxpayers  
11 of amounts in the fund. Refunds may take the form only of  
12 temporary or permanent broad-based tax rate reductions.

13 (d) If the General Assembly does not enact legislation by  
14 November 15th to provide refunds, then the State Comptroller  
15 shall, by November 30th, notify the Department of Revenue of  
16 the amount in the fund. The Department of Revenue shall  
17 calculate a one-time bonus personal exemption refund. The  
18 amount of the personal exemption refund must be calculated by  
19 dividing the amount in the fund identified by the State  
20 Comptroller by the number of personal exemptions claimed on  
21 income tax returns filed for the tax year beginning in the  
22 previous calendar year. The Department of Revenue shall issue a  
23 refund by December 30th to a taxpayer who filed an income tax  
24 return by April 15th of the same calendar year based on the  
25 number of exemptions claimed (times refund per exemption) on  
26 the taxpayer's return without regard to the taxpayer's tax

1 liability for the year.

2 (ILCON Art. XIII 1/2, Sec. 9 new)

3 SECTION 9. PENSION PAYMENTS

4 (a) Notwithstanding any other law, beginning with fiscal  
5 year following the adoption of this Article and for each budget  
6 year thereafter, the General Assembly's first appropriation  
7 each year must be directed to make the full annual pension  
8 payment defined by the Commission on Government Forecasting and  
9 Accountability, acting in compliance with generally accepted  
10 accounting principles. This appropriation must be made first,  
11 and executing it (making the actual payments required by it)  
12 shall take precedence over any other appropriation or  
13 expenditure.

14 Exceptions may be made to the pension payment requirement  
15 in this subsection (a) if authorized by a law approved by a  
16 three-fifths vote of each chamber of the General Assembly and  
17 approved by the Governor. Any exceptions made by the General  
18 Assembly shall specify the dollar amount and purposes of  
19 appropriations that shall be made prior to the pension payment.

20 (b) By March 1 of each year, the State Comptroller shall  
21 take the total annually required pension payment for the  
22 upcoming fiscal year (beginning on July 1) and divide that  
23 number by 12. This amount becomes the monthly pro rata pension  
24 payment for each month of the upcoming fiscal year.

25 If, during the fiscal year, the Commission on Government

1 Forecasting and Accountability adjusts the annually required  
2 pension payment for the current year upward, the State  
3 Comptroller shall recalculate the monthly pro rata pension  
4 payment upward accordingly and allocate the increase evenly  
5 over the remaining months to ensure that the full annual  
6 pension payment is made for the fiscal year.

7 If, during the fiscal year, the Commission on Government  
8 Forecasting and Accountability adjusts the annually required  
9 pension payment downward, the original payment schedule shall  
10 be maintained. Payments in excess of the revised payment  
11 schedule shall be allocated to any existing unfunded pension  
12 liability.

13 If, during the fiscal year, the Commission on Government  
14 Forecasting and Accountability adjusts the annually required  
15 pension payment downward, and if there is no remaining unfunded  
16 pension liability as calculated by the Commission on Government  
17 Forecasting and Accountability in compliance with generally  
18 accepted accounting principles, then the State Comptroller  
19 shall recalculate the monthly pro rata pension payment downward  
20 accordingly and allocate the reduction evenly over the  
21 remaining months to ensure that the full annual pension payment  
22 is made for the fiscal year.

23 By no later than the 5th of each month, the Comptroller  
24 shall disburse funds as authorized by the pension payment  
25 appropriation to the various State retirement systems so that  
26 the total payment equals the monthly pro rata pension payment.

1 The payments shall be allocated proportionally to each  
2 retirement fund as calculated by the Commission on Government  
3 Forecasting and Accountability.

4 There shall be no exceptions to this subsection (b) except  
5 as authorized by a law approved by a three-fifths vote of each  
6 chamber of the General Assembly and approved by the Governor.

7 (c) If for any reason the monthly pro rata pension payment  
8 is not made by the 5th of the month, or if for any reason the  
9 accumulated payments for the year do not equal the sum of the  
10 monthly pro rata pension payments for the months having passed  
11 during the fiscal year, then the State Comptroller shall cease  
12 all payments from State resources until such time as the  
13 pension payment is brought current for the year.

14 There shall be no exceptions to this subsection (c) except  
15 as authorized by a law approved by a three-fifths vote of each  
16 chamber of the legislature and approved by the Governor.

17 SCHEDULE

18 This Constitutional Amendment takes effect upon being  
19 declared adopted in accordance with Section 7 of the Illinois  
20 Constitutional Amendment Act.