



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB4478

by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

40 ILCS 5/5-168	from Ch. 108 1/2, par. 5-168
40 ILCS 5/6-165	from Ch. 108 1/2, par. 6-165
30 ILCS 805/8.38 new	

Amends the Chicago Police and Firefighter Articles of the Illinois Pension Code. Provides that the city shall deposit with the city treasurer, for the benefit of each of those funds, a minimum of 20% of all proceeds collected by the city from newly established gaming revenue sources arising out of legislation enacted in 2014 or thereafter. These deposits shall continue until the stabilization of the fund has been deemed to have occurred by an independent actuarial organization mutually agreed upon by the city and employee representatives. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB098 18627 RPM 53768 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 5-168 and 6-165 as follows:

6 (40 ILCS 5/5-168) (from Ch. 108 1/2, par. 5-168)
7 Sec. 5-168. Financing.

8 (a) Except as expressly provided in this Section, the city
9 shall levy a tax annually upon all taxable property therein for
10 the purpose of providing revenue for the fund.

11 The tax shall be at a rate that will produce a sum which,
12 when added to the amounts deducted from the policemen's
13 salaries and the amounts deposited in accordance with
14 subsection (g), is sufficient for the purposes of the fund.

15 For the years 1968 and 1969, the city council shall levy a
16 tax annually at a rate on the dollar of the assessed valuation
17 of all taxable property that will produce, when extended, not
18 to exceed \$9,700,000. Beginning with the year 1970 and through
19 2014, the city council shall levy a tax annually at a rate on
20 the dollar of the assessed valuation of all taxable property
21 that will produce when extended an amount not to exceed the
22 total amount of contributions by the policemen to the Fund made
23 in the calendar year 2 years before the year for which the

1 applicable annual tax is levied, multiplied by 1.40 for the tax
2 levy year 1970; by 1.50 for the year 1971; by 1.65 for 1972; by
3 1.85 for 1973; by 1.90 for 1974; by 1.97 for 1975 through 1981;
4 by 2.00 for 1982 and for each year through 2014. Beginning in
5 2015, the city council shall levy a tax annually at a rate on
6 the dollar of the assessed valuation of all taxable property
7 that will produce when extended an annual amount that is equal
8 to (1) the normal cost to the Fund, plus (2) an annual amount
9 sufficient to bring the total assets of the Fund up to 90% of
10 the total actuarial liabilities of the Fund by the end of
11 fiscal year 2040, as annually updated and determined by an
12 enrolled actuary employed by the Illinois Department of
13 Insurance or by an enrolled actuary retained by the Fund or the
14 city. In making these determinations, the required minimum
15 employer contribution shall be calculated each year as a level
16 percentage of payroll over the years remaining up to and
17 including fiscal year 2040 and shall be determined under the
18 projected unit credit actuarial cost method. For the purposes
19 of this subsection (a), contributions by the policeman to the
20 Fund shall not include payments made by a policeman to
21 establish credit under Section 5-214.2 of this Code.

22 (a-5) For purposes of determining the required employer
23 contribution to the Fund, the value of the Fund's assets shall
24 be equal to the actuarial value of the Fund's assets, which
25 shall be calculated as follows:

26 (1) On March 30, 2011, the actuarial value of the

1 Fund's assets shall be equal to the market value of the
2 assets as of that date.

3 (2) In determining the actuarial value of the Fund's
4 assets for fiscal years after March 30, 2011, any actuarial
5 gains or losses from investment return incurred in a fiscal
6 year shall be recognized in equal annual amounts over the
7 5-year period following that fiscal year.

8 (a-7) If the city fails to transmit to the Fund
9 contributions required of it under this Article for more than
10 90 days after the payment of those contributions is due, the
11 Fund may, after giving notice to the city, certify to the State
12 Comptroller the amounts of the delinquent payments, and the
13 Comptroller must, beginning in fiscal year 2016, deduct and
14 deposit into the Fund the certified amounts or a portion of
15 those amounts from the following proportions of grants of State
16 funds to the city:

17 (1) in fiscal year 2016, one-third of the total amount
18 of any grants of State funds to the city;

19 (2) in fiscal year 2017, two-thirds of the total amount
20 of any grants of State funds to the city; and

21 (3) in fiscal year 2018 and each fiscal year
22 thereafter, the total amount of any grants of State funds
23 to the city.

24 The State Comptroller may not deduct from any grants of
25 State funds to the city more than the amount of delinquent
26 payments certified to the State Comptroller by the Fund.

1 (b) The tax shall be levied and collected in like manner
2 with the general taxes of the city, and is in addition to all
3 other taxes which the city is now or may hereafter be
4 authorized to levy upon all taxable property therein, and is
5 exclusive of and in addition to the amount of tax the city is
6 now or may hereafter be authorized to levy for general purposes
7 under any law which may limit the amount of tax which the city
8 may levy for general purposes. The county clerk of the county
9 in which the city is located, in reducing tax levies under
10 Section 8-3-1 of the Illinois Municipal Code, shall not
11 consider the tax herein authorized as a part of the general tax
12 levy for city purposes, and shall not include the tax in any
13 limitation of the percent of the assessed valuation upon which
14 taxes are required to be extended for the city.

15 (c) On or before January 10 of each year, the board shall
16 notify the city council of the requirement that the tax herein
17 authorized be levied by the city council for that current year.
18 The board shall compute the amounts necessary for the purposes
19 of this fund to be credited to the reserves established and
20 maintained within the fund; shall make an annual determination
21 of the amount of the required city contributions; and shall
22 certify the results thereof to the city council.

23 As soon as any revenue derived from the tax is collected it
24 shall be paid to the city treasurer of the city and shall be
25 held by him for the benefit of the fund in accordance with this
26 Article.

1 (d) If the funds available are insufficient during any year
2 to meet the requirements of this Article, the city may issue
3 tax anticipation warrants against the tax levy for the current
4 fiscal year.

5 (e) The various sums, including interest, to be contributed
6 by the city, shall be taken from the revenue derived from such
7 tax or otherwise as expressly provided in this Section. Any
8 moneys of the city derived from any source other than the tax
9 herein authorized shall not be used for any purpose of the fund
10 nor the cost of administration thereof, unless applied to make
11 the deposit expressly authorized in this Section or the
12 additional city contributions required under subsection (h).

13 (f) If it is not possible or practicable for the city to
14 make its contributions at the time that salary deductions are
15 made, the city shall make such contributions as soon as
16 possible thereafter, with interest thereon to the time it is
17 made.

18 (g) In lieu of levying all or a portion of the tax required
19 under this Section in any year, the city may deposit with the
20 city treasurer no later than March 1 of that year for the
21 benefit of the fund, to be held in accordance with this
22 Article, an amount that, together with the taxes levied under
23 this Section for that year, is not less than the amount of the
24 city contributions for that year as certified by the board to
25 the city council. The deposit may be derived from any source
26 legally available for that purpose, including, but not limited

1 to, the proceeds of city borrowings. The making of a deposit
2 shall satisfy fully the requirements of this Section for that
3 year to the extent of the amounts so deposited. Amounts
4 deposited under this subsection may be used by the fund for any
5 of the purposes for which the proceeds of the tax levied under
6 this Section may be used, including the payment of any amount
7 that is otherwise required by this Article to be paid from the
8 proceeds of that tax.

9 (h) In addition to the contributions required under the
10 other provisions of this Article, by November 1 of the
11 following specified years, the city shall deposit with the city
12 treasurer for the benefit of the fund, to be held and used in
13 accordance with this Article, the following specified amounts:
14 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;
15 \$5,040,000 in 2002; and \$4,620,000 in 2003.

16 The additional city contributions required under this
17 subsection are intended to decrease the unfunded liability of
18 the fund and shall not decrease the amount of the city
19 contributions required under the other provisions of this
20 Article. The additional city contributions made under this
21 subsection may be used by the fund for any of its lawful
22 purposes.

23 (i) In addition to the contributions required under the
24 other provisions of this Article, the city shall deposit with
25 the city treasurer for the benefit of the fund, to be held and
26 used in accordance with this Article, a minimum of 20% of all

1 proceeds collected by the city from newly established gaming
2 revenue sources arising out of legislation enacted in 2014 or
3 thereafter. These deposits shall continue until the
4 stabilization of the fund has been deemed to have occurred by
5 an independent actuarial organization mutually agreed upon by
6 the city and employee representatives.

7 The additional city contributions required under this
8 subsection are intended for the emergency stabilization of the
9 fund and shall not decrease the amount of the city
10 contributions required under the other provisions of this
11 Article. The additional city contributions made under this
12 subsection may be used by the fund for any of its lawful
13 purposes.

14 (Source: P.A. 95-1036, eff. 2-17-09; 96-1495, eff. 1-1-11.)

15 (40 ILCS 5/6-165) (from Ch. 108 1/2, par. 6-165)

16 Sec. 6-165. Financing; tax.

17 (a) Except as expressly provided in this Section, each city
18 shall levy a tax annually upon all taxable property therein for
19 the purpose of providing revenue for the fund. For the years
20 prior to the year 1960, the tax rate shall be as provided for
21 in the "Firemen's Annuity and Benefit Fund of the Illinois
22 Municipal Code". The tax, from and after January 1, 1968 to and
23 including the year 1971, shall not exceed .0863% of the value,
24 as equalized or assessed by the Department of Revenue, of all
25 taxable property in the city. Beginning with the year 1972 and

1 through 2014, the city shall levy a tax annually at a rate on
2 the dollar of the value, as equalized or assessed by the
3 Department of Revenue of all taxable property within such city
4 that will produce, when extended, not to exceed an amount equal
5 to the total amount of contributions by the employees to the
6 fund made in the calendar year 2 years prior to the year for
7 which the annual applicable tax is levied, multiplied by 2.23
8 through the calendar year 1981, and by 2.26 for the year 1982
9 and for each year through 2014. Beginning in 2015, the city
10 council shall levy a tax annually at a rate on the dollar of
11 the assessed valuation of all taxable property that will
12 produce when extended an annual amount that is equal to (1) the
13 normal cost to the Fund, plus (2) an annual amount sufficient
14 to bring the total assets of the Fund up to 90% of the total
15 actuarial liabilities of the Fund by the end of fiscal year
16 2040, as annually updated and determined by an enrolled actuary
17 employed by the Illinois Department of Insurance or by an
18 enrolled actuary retained by the Fund or the city. In making
19 these determinations, the required minimum employer
20 contribution shall be calculated each year as a level
21 percentage of payroll over the years remaining up to and
22 including fiscal year 2040 and shall be determined under the
23 projected unit credit actuarial cost method.

24 To provide revenue for the ordinary death benefit
25 established by Section 6-150 of this Article, in addition to
26 the contributions by the firemen for this purpose, the city

1 council shall for the year 1962 and each year thereafter
2 annually levy a tax, which shall be in addition to and
3 exclusive of the taxes authorized to be levied under the
4 foregoing provisions of this Section, upon all taxable property
5 in the city, as equalized or assessed by the Department of
6 Revenue, at such rate per cent of the value of such property as
7 shall be sufficient to produce for each year the sum of
8 \$142,000.

9 The amounts produced by the taxes levied annually, together
10 with the deposit expressly authorized in this Section, shall be
11 sufficient, when added to the amounts deducted from the
12 salaries of firemen and applied to the fund, to provide for the
13 purposes of the fund.

14 (a-5) For purposes of determining the required employer
15 contribution to the Fund, the value of the Fund's assets shall
16 be equal to the actuarial value of the Fund's assets, which
17 shall be calculated as follows:

18 (1) On March 30, 2011, the actuarial value of the
19 Fund's assets shall be equal to the market value of the
20 assets as of that date.

21 (2) In determining the actuarial value of the Fund's
22 assets for fiscal years after March 30, 2011, 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 (a-7) If the city fails to transmit to the Fund

1 contributions required of it under this Article for more than
2 90 days after the payment of those contributions is due, the
3 Fund may, after giving notice to the city, certify to the State
4 Comptroller the amounts of the delinquent payments, and the
5 Comptroller must, beginning in fiscal year 2016, deduct and
6 deposit into the Fund the certified amounts or a portion of
7 those amounts from the following proportions of grants of State
8 funds to the city:

9 (1) in fiscal year 2016, one-third of the total amount
10 of any grants of State funds to the city;

11 (2) in fiscal year 2017, two-thirds of the total amount
12 of any grants of State funds to the city; and

13 (3) in fiscal year 2018 and each fiscal year
14 thereafter, the total amount of any grants of State funds
15 to the city.

16 The State Comptroller may not deduct from any grants of
17 State funds to the city more than the amount of delinquent
18 payments certified to the State Comptroller by the Fund.

19 (b) The taxes shall be levied and collected in like manner
20 with the general taxes of the city, and shall be in addition to
21 all other taxes which the city may levy upon all taxable
22 property therein and shall be exclusive of and in addition to
23 the amount of tax the city may levy for general purposes under
24 Section 8-3-1 of the Illinois Municipal Code, approved May 29,
25 1961, as amended, or under any other law or laws which may
26 limit the amount of tax which the city may levy for general

1 purposes.

2 (c) The amounts of the taxes to be levied in each year
3 shall be certified to the city council by the board.

4 (d) As soon as any revenue derived from such taxes is
5 collected, it shall be paid to the city treasurer and held for
6 the benefit of the fund, and all such revenue shall be paid
7 into the fund in accordance with the provisions of this
8 Article.

9 (e) If the funds available are insufficient during any year
10 to meet the requirements of this Article, the city may issue
11 tax anticipation warrants, against the tax levies herein
12 authorized for the current fiscal year.

13 (f) The various sums, hereinafter stated, including
14 interest, to be contributed by the city, shall be taken from
15 the revenue derived from the taxes or otherwise as expressly
16 provided in this Section. Except for defraying the cost of
17 administration of the fund during the calendar year in which a
18 city first attains a population of 500,000 and comes under the
19 provisions of this Article and the first calendar year
20 thereafter, any money of the city derived from any source other
21 than these taxes or the sale of tax anticipation warrants shall
22 not be used to provide revenue for the fund, nor to pay any
23 part of the cost of administration thereof, unless applied to
24 make the deposit expressly authorized in this Section or the
25 additional city contributions required under subsection (h).

26 (g) In lieu of levying all or a portion of the tax required

1 under this Section in any year, the city may deposit with the
2 city treasurer no later than March 1 of that year for the
3 benefit of the fund, to be held in accordance with this
4 Article, an amount that, together with the taxes levied under
5 this Section for that year, is not less than the amount of the
6 city contributions for that year as certified by the board to
7 the city council. The deposit may be derived from any source
8 legally available for that purpose, including, but not limited
9 to, the proceeds of city borrowings. The making of a deposit
10 shall satisfy fully the requirements of this Section for that
11 year to the extent of the amounts so deposited. Amounts
12 deposited under this subsection may be used by the fund for any
13 of the purposes for which the proceeds of the taxes levied
14 under this Section may be used, including the payment of any
15 amount that is otherwise required by this Article to be paid
16 from the proceeds of those taxes.

17 (h) In addition to the contributions required under the
18 other provisions of this Article, by November 1 of the
19 following specified years, the city shall deposit with the city
20 treasurer for the benefit of the fund, to be held and used in
21 accordance with this Article, the following specified amounts:
22 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;
23 \$5,040,000 in 2002; and \$4,620,000 in 2003.

24 The additional city contributions required under this
25 subsection are intended to decrease the unfunded liability of
26 the fund and shall not decrease the amount of the city

1 contributions required under the other provisions of this
2 Article. The additional city contributions made under this
3 subsection may be used by the fund for any of its lawful
4 purposes.

5 (i) In addition to the contributions required under the
6 other provisions of this Article, the city shall deposit with
7 the city treasurer for the benefit of the fund, to be held and
8 used in accordance with this Article, a minimum of 20% of all
9 proceeds collected by the city from newly established gaming
10 revenue sources arising out of legislation enacted in 2014 or
11 thereafter. These deposits shall continue until the
12 stabilization of the fund has been deemed to have occurred by
13 an independent actuarial organization mutually agreed upon by
14 the city and employee representatives.

15 The additional city contributions required under this
16 subsection are intended for the emergency stabilization of the
17 fund and shall not decrease the amount of the city
18 contributions required under the other provisions of this
19 Article. The additional city contributions made under this
20 subsection may be used by the fund for any of its lawful
21 purposes.

22
23 (Source: P.A. 96-1495, eff. 1-1-11.)

24 Section 90. The State Mandates Act is amended by adding
25 Section 8.38 as follows:

1 (30 ILCS 805/8.38 new)

2 Sec. 8.38. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 98th General Assembly.

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