



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB2532

Introduced 2/18/2015, by Rep. Michael W. Tryon

#### SYNOPSIS AS INTRODUCED:

New Act

15 ILCS 405/6.01

from Ch. 15, par. 206.01

25 ILCS 155/4

from Ch. 63, par. 344

Creates the Long-Term Accounting Act. Provides that the purpose of the Act is to improve transparency and accountability during the State budget process. Contains provisions concerning the passage of appropriation bills and the electronic publication of appropriation bills. Amends the State Comptroller Act. Amends the Commission on Governmental Forecasting and Accountability Act. Provides that the Commission on Governmental Forecasting and Accountability must publish fiscal budget statements. Sets forth the requirements for the fiscal budget statements. Contains other provisions. Effective immediately.

LRB099 06628 JLK 26701 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 1. Short title. This Act may be cited as the  
5 Long-Term Accounting Act.

6 Section 5. Legislative intent. It is the intent of this Act  
7 to improve transparency and accountability during the State  
8 budget process by:

9 (1) confirming and strengthening the State's special  
10 responsibility to disclose its actions and results of those  
11 actions in a timely and useful way;

12 (2) establishing the concept that State budgeting  
13 disclosures and financial reporting are created primarily for  
14 the purpose of informing the public of government activity and  
15 creating widespread understanding of these actions;

16 (3) adopting the use of consolidated budget documents to  
17 facilitate the public's ability to understand the State's  
18 annual and accumulated shortfalls despite the relative scale of  
19 the State's financial operations and the volume and complexity  
20 of budget and financial data;

21 (4) establishing the State's duty to report the best  
22 estimate of its own financial condition;

23 (5) requiring a comprehensive indication of the total

1 activity of government and the long-term effects of current  
2 policy;

3 (6) calling for the calculation of the long-term financial  
4 implications to the State and others of the budgetary  
5 decisions;

6 (7) providing the full-cost information necessary to  
7 accurately calculate performance measurements;

8 (8) establishing definitions of existing statutory  
9 language to strengthen the Governor's and the General  
10 Assembly's ability to determine compliance with the intent of  
11 Section 2 of Article VIII of the Illinois Constitution  
12 requirement, which is to preserve intergenerational equity;

13 (9) requiring explicit disclosure and accurate reporting  
14 by the Governor and the General Assembly of:

15 (A) debt incurred to fund current operating expenses;

16 (B) current and past costs shifted to future budgets  
17 and imposed upon future taxpayers;

18 (C) State obligations, including, but not limited to,  
19 current and future personnel benefit costs and  
20 lapse-period expenditures; and

21 (D) any fiscal deficit in terms of the excess of full  
22 accrual expenses over full accrual revenues, as well as any  
23 budget surplus in terms of the excess of full accrual  
24 revenues over full accrual expenses, at the time the final  
25 budget is sent to the Governor;

26 (10) calling for the Governor and the General Assembly to

1 determine if future budgetary resources will likely be  
2 sufficient to sustain public services and to meet obligations  
3 as they come due;

4 (11) acknowledging costs when incurred during the budget  
5 year regardless of when they are paid;

6 (12) injecting the expertise and knowledge of the State  
7 Comptroller's Office into the preparation of budget  
8 calculations;

9 (13) unveiling the State's unusual reliance upon the use of  
10 more than 600 special funds;

11 (14) requiring the Annual Budget and the State's  
12 Comprehensive Annual Financial Report to be prepared to  
13 facilitate a simple comparison of budgeted amounts to the  
14 actual amounts spent and received;

15 (15) requiring State agencies to report to the Comptroller  
16 all fiscal information necessary to prepare a comprehensive  
17 annual financial report in a timely manner; and

18 (16) mandating the production of the State's Comprehensive  
19 Annual Financial Report within 6 months after the end of the  
20 State's fiscal year.

21 Section 10. Definitions.

22 "Amounts due to pension funds" means the unfunded actuarial  
23 accrued liability for the State pension plans, including the  
24 portion of multiple-employer plans attributed to the State.

25 "Benefit enhancements" means the actuarial present value

1 of total projected benefits attributed to the estimated  
2 increase in the benefits of retirees or beneficiaries granted  
3 by the proposed budget or proposed or enacted changes to the  
4 Illinois Pension Code. The benefit enhancements that result  
5 from plan members' expected future service amount may be  
6 reduced by the amount of specified revenue sources enacted into  
7 law.

8 "Capital assets" shall be defined using Governmental  
9 Accounting Standards Board concepts outlined in GASB Statement  
10 34.

11 "Comptroller's budget statements" means the estimated  
12 balance sheet, the estimated statement of activities, and the  
13 estimated statement of cash flow.

14 "Estimated balance sheet" means the estimated statement of  
15 net assets prepared using the GASB concepts outlined in GASB  
16 Statement 34.

17 "Estimated retirement plans' assets gain or loss" means the  
18 change in the actuarial value of assets from the beginning of  
19 the budget period to the end of the budget period.

20 "Fiscal budget statements" means the estimated statement  
21 of fiscal balance, the estimated statement of fiscal deficit,  
22 and the estimated financial state of the State.

23 "Fiduciary funds" shall be defined using GASB concepts  
24 outlined in GASB Statement 34.

25 "Government-Wide Generally Accepted Accounting Principles  
26 (Government-Wide GAAP)" means the accounting standards used in

1 the preparation of the State's government-wide financial  
2 statements, using GASB concepts outlined in the GASB Statement  
3 34. While the Governmental Accounting Standards Board does not  
4 prescribe standards for preparing governmental budgets, the  
5 accounting standards' concepts shall be applied to the fiscal  
6 budget statements prepared under this Act.

7 "Increase or Decrease in Other Post Employment Benefits  
8 (OPEB) Due" means the change in the State's OPEB plans'  
9 estimated actuarial accrued liability from the beginning of the  
10 budget period to the end of the budget period.

11 "Increase or Decrease in Pension Benefits Due" means the  
12 change in the State's pension plans' estimated actuarial  
13 accrued liability at the beginning of the budget period and the  
14 sum of each pension plan's estimated actuarial accrued  
15 liability at the end of the budget period.

16 "Net Pension Obligations or Assets", "Net Other Post  
17 Employment Obligations Assets", "Actuarial Value of Assets",  
18 "Actuarial Accrued Liability", "Unfunded Actuarial Accrued  
19 Liability (UAAL)", and "Actuarial Present Value of Total  
20 Projected Benefits" shall be defined using GASB concepts  
21 outlined in GASB Statement 45, GASB Statement 25, and GASB  
22 Statement 27, as amended by GASB 50.

23 "Off Balance Sheet Other Post Employment (OPEB)  
24 Liabilities" means the difference between the State OPEB plans'  
25 Estimated UAAL and the estimated Net OPEB Obligations or Assets  
26 included in the estimated balance sheet.

1 "Off Balance Sheet Pension Liabilities" means the  
2 difference between the State pension plans' estimated unfunded  
3 actuarial accrued liability (UAAL) and the estimated net  
4 pension obligations or Assets included in the estimated balance  
5 sheet.

6 "Retirees' health care benefits" means the unfunded  
7 actuarial accrued liability (UAAL) for the State OPEB Plans,  
8 including the portion of multiple-employer plans attributed to  
9 the State.

10 "State Other Post Employment Benefit (OPEB) Plans" include  
11 the State's Single-Employer Other Post Employment Benefit  
12 (OPEB) plans, and also include the portion of Agent  
13 Multiple-Employer (OPEB) plans attributed to the State.

14 "State pension plans" means the State's single-employer  
15 pension plans and the portion of agent multiple-employer  
16 pension plans attributed to the State.

17 Section 15. Electronic publication of appropriation bills;  
18 publication deadlines with respect to second and third  
19 readings. The General Assembly shall publish, on a web page  
20 controlled by the General Assembly, the texts of all  
21 appropriations bills. Each publication shall include an  
22 embedded time stamp setting forth the time of electronic  
23 publication. No amendment to an appropriation bill shall be  
24 considered on second reading until at least 72 hours after the  
25 amendment has been published electronically and no bill to

1 appropriate funds shall be passed on third reading until at  
2 least 72 hours after the time of electronic publication in  
3 final form.

4 Section 20. Passage of appropriation bills prohibited  
5 before adoption of joint resolution. The General Assembly shall  
6 not enact any bill to appropriate funds within any fiscal year  
7 prior to its adoption of a joint resolution reflecting the  
8 estimate of funds available for that fiscal year as required  
9 under Section 4 of the Commission on Government Forecasting and  
10 Accountability Act.

11 Section 25. State funds as fiduciary funds. All State funds  
12 shall be fiduciary funds unless explicitly provided otherwise  
13 by law.

14 Section 90. The State Comptroller Act is amended by  
15 changing Section 6.01 as follows:

16 (15 ILCS 405/6.01) (from Ch. 15, par. 206.01)

17 Sec. 6.01. Specification and establishment of accounting  
18 standards and principles. The Comptroller shall specify and  
19 establish the financial accounting and reporting standards and  
20 principles to be used by all State government and State  
21 agencies. The standards and principles shall be effective upon  
22 filing by the Comptroller with the Auditor General. The

1 Comptroller shall maintain and publish the standards and  
2 principles as a public document. These standards and principles  
3 shall be known as the Generally Accepted Accounting Standards  
4 and Principles for Illinois State Government, and shall be  
5 compatible with generally accepted accounting standards and  
6 principles for government as prescribed by the Governmental  
7 Accounting Standards Board (GASB). ~~whenever possible, be~~  
8 ~~compatible with any similar nationally existing generally~~  
9 ~~accepted accounting standards and principles for government.~~

10 In establishing the Generally Accepted Accounting  
11 Standards and Principles for Illinois State Government, the  
12 Comptroller shall consult with the Governor and the other  
13 members of the Executive Branch, the Chief Justice of the  
14 Supreme Court, and the leadership of the General Assembly and  
15 shall provide to these officials, and publish on the  
16 Comptroller's website, draft copies of any proposed standards  
17 at least 90 days prior to their adoption and shall consider any  
18 responses or suggestions that these officials or the public may  
19 present.

20 (Source: P.A. 86-1415.)

21 Section 95. The Commission on Government Forecasting and  
22 Accountability Act is amended by changing Section 4 as follows:

23 (25 ILCS 155/4) (from Ch. 63, par. 344)

24 Sec. 4. (a) The Commission shall publish, at the convening

1 of each regular session of the General Assembly, a report on  
2 the estimated income of the State from all applicable revenue  
3 sources for the next ensuing fiscal year and of any other funds  
4 estimated to be available for such fiscal year. The Commission,  
5 in its discretion, may consult with the Governor's Office of  
6 Management and Budget in preparing the report. On the third  
7 Wednesday in March after the session convenes, the Commission  
8 shall issue a revised and updated set of revenue figures  
9 reflecting the latest available information. The House and  
10 Senate by joint resolution shall adopt or modify such estimates  
11 as may be appropriate. The joint resolution must include all  
12 applicable revenues and other funds available. The joint  
13 resolution shall constitute the General Assembly's estimate,  
14 under paragraph (b) of Section 2 of Article VIII of the  
15 Constitution, of the funds estimated to be available during the  
16 next fiscal year. The report must estimate all applicable  
17 revenues and must estimate other funds available. The report  
18 shall clearly separate and distinguish all applicable revenues  
19 and other funds available when estimating the funds estimated  
20 to be available for purposes of calculating funds estimated to  
21 be available as required under subsection (b) of Section 2 of  
22 Article VIII of the Illinois Constitution.

23 (a-5) The annual March estimates issued by the Commission  
24 shall include an estimated balance sheet, an estimated  
25 statement of activities, and an estimated statement of cash  
26 flow. The March estimates shall include a variance report of

1 the ongoing fiscal year's budget and appropriations.

2 (a-10) The Commission shall also prepare:

3 (1) The estimated statement of fiscal balance, which  
4 shall include:

5 (A) The columns used in the estimated balance  
6 sheet.

7 (B) The total net assets, as determined in the  
8 estimated balance sheet.

9 (C) The off-balance sheet pension liability.

10 (D) The off-balance sheet OPEB liability

11 (E) The resulting fiscal balance.

12 (2) The estimated statement of fiscal deficit, which  
13 shall include:

14 (A) The columns used in the estimated statement of  
15 activities.

16 (B) The change in net assets, as determined in the  
17 estimated statement of activities.

18 (C) Benefit enhancements.

19 (D) Retirement plans' assets gain or loss.

20 (E) Increases or decreases in pension benefits  
21 due.

22 (F) Increases or decreases in OPEB benefits due.

23 (G) The resulting fiscal deficit.

24 (3) The estimated financial state of the State, which  
25 shall include:

26 (A) Amounts reported on the State's Comprehensive

1 Annual Financial Report (CAFR) for the State fiscal  
2 year 2 years prior to the current budget year.

3 (B) The estimated values from last period's  
4 budget.

5 (C) The estimated values from the current budget  
6 period.

7 (D) What the State owns:

8 (i) Capital assets.

9 (ii) Other assets that are derived from the  
10 total assets reported on the statement of net  
11 assets/balance sheet minus capital assets.

12 (iii) State assets shall equal the total  
13 assets.

14 (E) What the State owes:

15 (i) The amount of State bonds, including, but  
16 not limited to, General Obligation Bonds and  
17 Special Revenue Bonds.

18 (ii) Amounts due pension funds.

19 (iii) Retirees' health care benefits (OPEB).

20 (iv) Other liabilities that are derived by  
21 subtracting the State bonds, the net pension  
22 obligation, and the net OPEB obligation from the  
23 total liabilities reported on the statement of net  
24 assets/balance sheet.

25 (v) State bills.

26 (F) Where the State stands:

1                   (i) Illinois' financial position.

2                   (ii) Each Illinois family's share, which is  
3                   derived by dividing Illinois' financial position  
4                   divided by the Illinois population estimate as  
5                   determined by the U.S. Census Bureau divided by the  
6                   national average size of a family as determined by  
7                   the U.S. Census Bureau.

8                   (a-20) In conjunction with the State Comptroller, the  
9                   Commission shall publish the fiscal budget statements outlined  
10                  in subsection (a-5) in concert with Government Wide-GAAP. The  
11                  fiscal budget statements shall include information about the  
12                  State as a whole. The fiscal budget statements should include  
13                  the primary government and its component units, except for the  
14                  fiduciary funds of the primary government and component units  
15                  that are fiduciary in nature. The fiscal budget statements  
16                  shall be prepared using the economic resources measurement  
17                  focus and the accrual basis of accounting. The fiscal budget  
18                  statements shall not be presented using the current financial  
19                  resources measurement focus and the modified accrual basis of  
20                  accounting, which are used to prepare the State's governmental  
21                  funds financial statements. The Commission shall obtain from  
22                  each of the State's pension and OPEB plans' actuaries to  
23                  determine the pension and OPEB amounts needed to prepare the  
24                  fiscal budget statements.

25                  (b) On the third Wednesday in March, the Commission shall  
26                  issue estimated:

1 (1) pension funding requirements under P.A. 86-273;

2 and

3 (2) liabilities of the State employee group health  
4 insurance program.

5 These estimated costs shall be for the fiscal year  
6 beginning the following July 1.

7 (c) The requirement for reporting to the General Assembly  
8 shall be satisfied by filing copies of the report with the  
9 Speaker, the Minority Leader and the Clerk of the House of  
10 Representatives and the President, the Minority Leader and the  
11 Secretary of the Senate and the Legislative Research unit, as  
12 required by Section 3.1 of the General Assembly Organization  
13 Act, and filing such additional copies with the State  
14 Government Report Distribution Center for the General Assembly  
15 as is required under paragraph (t) of Section 7 of the State  
16 Library Act.

17 (d) For each fiscal year, the General Assembly shall adopt  
18 a joint resolution accepting the amounts reported on the fiscal  
19 budget statements.

20 (e) For the purposes of this Section, "all applicable  
21 revenues" means "own source revenues", including:

22 (1) personal income tax;

23 (2) corporate income tax;

24 (3) corporate personal property replacement tax;

25 (4) sales tax retained by the State;

26 (5) excise taxes, such as excise taxes on alcohol,

1 gasoline, or energy;

2 (6) user fees;

3 (7) fines and penalties;

4 (8) gaming taxes;

5 (9) investment income;

6 (10) unencumbered funds provided by other governmental  
7 units; or

8 (11) any other revenue source for which the State has  
9 no ongoing or unfulfilled obligation to any other party.

10 For the purposes of this Section, "other funds available"

11 means:

12 (1) funds that result from the actions of another  
13 entity or government;

14 (2) funds received that are held in trust or have a  
15 fiduciary element;

16 (3) pass-through funds or funds received by the State  
17 when acting as an agent or collector for another entity;

18 (4) pension contributions made by State employees not  
19 used to pay pensions or used to purchase assets for the  
20 State's pension funds;

21 (5) that portion of sales tax collections that  
22 retailers pay to the State but that will be remitted to  
23 home rule and local governments;

24 (6) court-ordered collections of child support;

25 (7) inter-period borrowings;

26 (8) prepaid tuition plans; or

1           (9) any other source of funds for which the State has  
2           an unfulfilled or ongoing obligation.

3           The definitions set forth in Section 10 of the Truth in  
4           Accounting Act of 2010 are incorporated.

5           (Source: P.A. 96-958, eff. 7-1-10.)

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