HB1699

LRB09510136AMC30350b

95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1699

Introduced 2/22/2007, by Rep. Robert S. Molaro

SYNOPSIS AS INTRODUCED:

See Index

Amends the Cook County Article of the Illinois Pension Code. Provides that the annual annuity increase for a person first employed under the Article on or after the effective date shall be at a rate of 3% of the original fixed annuity (instead of 3% of the current amount of the annuity). Provides that the widow's annuity for widow of a person first employed under the Article on or after the effective date shall be subject to an annual increase at a rate of 3% of the original fixed annuity (instead of 3% of the amount of the widow's annuity payable at the time of the increase). Provides that the county board shall levy a tax annually upon all taxable property in the city at a rate that will produce a sum that will be sufficient to bring the total assets of the County Employees' and Officers' Annuity and Benefit Fund up to 90% of the total actuarial liabilities of the Fund by the end of fiscal year 2016 (instead of a sum that will be sufficient for the requirements of the Article, with a maximum provided). Amends the State Mandates Act to require implementation without reimbursement.

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FISCAL NOTE ACT MAY APPLY

HOUSING AFFORDABILITY IMPACT NOTE ACT MAY APPLY

PENSION IMPACT NOTE ACT MAY APPLY

STATE MANDATES ACT MAY REQUIRE REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 9-133, 9-146.2, and 9-169 as follows:

(40 ILCS 5/9-133) (from Ch. 108 1/2, par. 9-133)

Sec. 9-133. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1959, having attained age 60 or more or, beginning January 1, 1991, having attained 30 or more years of creditable service, shall, in the month of January of the year following the year in which the first anniversary of retirement occurs, have his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning with January of the year 1982, such increases shall be at the rate of 3% in lieu of the aforesaid specified 2%. Beginning January 1, 1998, these increases shall be at the rate of 3% of the current amount of the annuity, including any previous increases received under this Article, without regard to whether the annuitant is in service on or after the effective date of this amendatory Act of 1997.

An employee who retires on annuity before age 60 and, beginning January 1, 1991, with less than 30 years of creditable service shall receive such increases beginning with January of the year immediately following the year in which he attains the age of 60 years. An employee who retires on annuity before age 60 and before January 1, 1991, with at least 30 years of creditable service, shall be entitled to receive the first increase under this subsection no later than January 1, 1993.

For an employee who, in accordance with the provisions of Section 9-108.1 of this Act, shall have become a member of the State System established under Article 14 on February 1, 1974, the first such automatic increase shall begin in January of 1975.

(a-5) Notwithstanding the provisions of subsection (a), the annual annuity increase under this Section for a person first employed under this Article on or after the effective date of this amendatory Act of the 95th General Assembly shall be at a rate of 3% of the original fixed annuity.

(b) Subsection (a) is not applicable to an employee retiring and receiving a term annuity, as defined in this Act, nor to any otherwise qualified employee who retires before he makes employee contributions (at the 1/2 of 1% rate as provided in this Section) for this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of one year's contributions.

Beginning with the month of January, 1960, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise provided for annuity purposes.

Each such additional contribution shall be credited to an account in the prior service annuity reserve, to be used, together with county contributions, to defray the cost of the specified annuity increments. Any balance in such account as of the beginning of each calendar year shall be credited with interest at the rate of 3% per annum.

Such additional employee contributions are not refundable, except to an employee who withdraws and applies for refund under this Article, or applies for annuity, and also in cases where a term annuity becomes payable. In such cases his contributions shall be refunded, without interest, and charged to the prior service annuity reserve.

(Source: P.A. 90-32, eff. 6-27-97.)

(40 ILCS 5/9-146.2)

Sec. 9-146.2. Automatic annual increase in widow's annuity.

(a) Every widow's annuity, other than a term annuity, shall be increased on January 1, 1998 or the January 1 occurring on or immediately after the first anniversary of the deceased employee's death, whichever occurs later, by an amount equal to 3% of the amount of the annuity.

On each January 1 after the date of the initial increase under this Section, the widow's annuity shall be increased by an amount equal to 3% of the amount of the widow's annuity payable at the time of the increase, including any increases previously granted under this Article.

(a-5) Notwithstanding the provisions of subsection (a), the widow's annuity for widow of a person first employed under this Article on or after the effective date of this amendatory Act of the 95th General Assembly shall be subject to an annual increase at a rate of 3% of the original fixed annuity.

(b) Limitations on the maximum amount of widow's annuity imposed under Section 9-150 do not apply to the annual increases provided under this Section.

(c) The increases provided under this Section also apply to compensation annuities and supplemental annuities payable under Section 9-147. The increases provided under this Section do not apply to term annuities.

(Source: P.A. 90-32, eff. 6-27-97.)

(40 ILCS 5/9-169) (from Ch. 108 1/2, par. 9-169)

Sec. 9-169. Financing - Tax levy. (a) The county board shall levy a tax annually upon all taxable property in the county at the rate that will produce a sum which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them is sufficient to bring the total assets of the Fund up to 90% of the total actuarial liabilities of the Fund by the end of fiscal year 2016. ~~for the requirements of this Article.~~

~~For the years before 1962 the tax rate shall be as provided in "The 1925 Act". For the years 1962 and 1963 the tax rate shall be not more than .0200 per cent; for the years 1964 and 1965 the tax rate shall be not more than .0202 per cent; for the years 1966 and 1967 the tax rate shall be not more than .0207 per cent; for the year 1968 the tax rate shall be not more than .0220 per cent; for the year 1969 the tax rate shall be not more than .0233 per cent; for the year 1970 the tax rate shall be not more than .0255 per cent; for the year 1971 the tax rate shall be not more than .0268 per cent of the value, as equalized or assessed by the Department of Revenue upon all taxable property in the county. Beginning with the year 1972 and for each year thereafter the county shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within the county that will produce, when extended, not to exceed an amount equal to the total amount of contributions made by the employees to the fund in the calendar year 2 years prior to the year for which the annual applicable tax is levied~~

~~multiplied by .8 for the years 1972 through 1976; by .8 for the year 1977; by .87 for the year 1978; by .94 for the year 1979; by 1.02 for the year 1980 and by 1.10 for the year 1981 and by 1.18 for the year 1982 and by 1.36 for the year 1983 and by 1.54 for the year 1984 and for each year thereafter.~~

This tax shall be levied and collected in like manner with the general taxes of the county, and shall be in addition to all other taxes which the county is authorized to levy upon the aggregate valuation of all taxable property within the county and shall be exclusive of and in addition to the amount of tax the county is authorized to levy for general purposes under any laws which may limit the amount of tax which the county may levy for general purposes. The county clerk, in reducing tax levies under any Act concerning the levy and extension of taxes, shall not consider this tax as a part of the general tax levy for county purposes, and shall not include it within any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for the county. It is lawful to extend this tax in addition to the general county rate fixed by statute, without being authorized as additional by a vote of the people of the county.

Revenues derived from this tax shall be paid to the treasurer of the county and held by him for the benefit of the fund.

If the payments on account of taxes are insufficient during any year to meet the requirements of this Article, the county may issue tax anticipation warrants against the current tax levy.

(b) By January 10, annually, the board shall notify the county board of the requirement of this Article that this tax shall be levied. The board shall compute the amounts necessary for the purposes of the fund for that current year to be credited to the reserves established and maintained as provided in this Act, shall make an annual determination of the required county contributions, and shall certify the results thereof to the county board.

(c) The various sums to be contributed by the county board and allocated for the purposes of this Article and any interest to be contributed by the county shall be taken from the revenue derived from this tax and no money of the county derived from any source other than the levy and collection of this tax or the sale of tax anticipation warrants, except state or federal funds contributed for annuity and benefit purposes for employees of a county department of public aid under "The Illinois Public Aid Code", approved April 11, 1967, as now or hereafter amended, may be used to provide revenue for the fund.

If it is not possible or practicable for the county to make contributions for age and service annuity and widow's annuity concurrently with the employee contributions made for such purposes, such county shall make such contributions as soon as possible and practicable thereafter with interest thereon at the effective rate until the time it shall be made.

(d) With respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L. 93-567, 88 Stat. 1845), hereinafter referred to as CETA, subsequent to October 1, 1978, and in instances where the board has elected to establish a manpower program reserve, the board shall compute the amounts necessary to be credited to the manpower program reserves established and maintained as herein provided, and shall make a periodic determination of the amount of required contributions from the County to the reserve to be reimbursed by the federal government in accordance with rules and regulations established by the Secretary of the United States Department of Labor or his designee, and certify the results thereof to the County Board. Any such amounts shall become a credit to the County and will be used to reduce the amount which the County would otherwise contribute during succeeding years for all employees.

(e) In lieu of establishing a manpower program reserve with respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as authorized by subsection (d), the board may elect to establish a special County contribution rate for all such employees. If this option is elected, the County shall contribute to the Fund from federal funds provided under the Comprehensive Employment and Training Act program at the special rate so established and such contributions shall become a credit to the County and be

used to reduce the amount which the County would otherwise contribute during succeeding years for all employees.
(Source: P.A. 83-1362.)

Section 90. The State Mandates Act is amended by adding Section 8.31 as follows:

(30 ILCS 805/8.31 new)
Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 95th General Assembly.

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Statutes amended in order of appearance