



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB2574

Introduced 1/13/2010, by Sen. Pamela J. Althoff

SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-125
40 ILCS 5/4-118

from Ch. 108 1/2, par. 3-125
from Ch. 108 1/2, par. 4-118

Amends the Downstate Police and Downstate Firefighter Articles of the Illinois Pension Code. Provides that, for the 2-year period consisting of taxable years 2010 and 2011, the city council or the board of trustees of the municipality shall annually levy a tax upon all the taxable property of the municipality at the rate on the dollar that will produce an amount for that 2-year period that is the lesser of: (i) the amount levied for taxable year 2009 multiplied by 1.1 or (ii) an amount that, when added to the deductions from the salaries or wages of police officers and firefighters and revenues available from other sources, will equal a sum sufficient to meet the annual actuarial requirements of the pension funds. Effective immediately.

LRB096 16342 AMC 31606 b

PENSION IMPACT
NOTE ACT MAY
APPLY

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 3-125 and 4-118 as follows:

6 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)
7 Sec. 3-125. Financing.

8 (a) Except as provided in subsection (b), the ~~The~~ city
9 council or the board of trustees of the municipality shall
10 annually levy a tax upon all the taxable property of the
11 municipality at the rate on the dollar which will produce an
12 amount which, when added to the deductions from the salaries or
13 wages of police officers, and revenues available from other
14 sources, will equal a sum sufficient to meet the annual
15 requirements of the police pension fund.

16 (b) For the 2-year period consisting of taxable years 2010
17 and 2011, the city council or board of trustees of the
18 municipality shall annually levy a tax upon all the taxable
19 property of the municipality at the rate on the dollar that
20 will produce an amount for that 2-year period that is the
21 lesser of: (i) the amount levied for taxable year 2009
22 multiplied by 1.1 or (ii) an amount that, when added to the
23 deductions from the salaries or wages of police officers and

1 revenues available from other sources, will equal a sum
2 sufficient to meet the annual requirements of the police
3 pension fund. The intent of this subsection (b) is to provide
4 taxpayer relief and preserve municipal employment.

5 (c) The annual requirements to be provided by such tax levy
6 are equal to (1) the normal cost of the pension fund for the
7 year involved, plus (2) the amount necessary to amortize the
8 fund's unfunded accrued liabilities as provided in Section
9 3-127.

10 (d) The tax shall be levied and collected in the same
11 manner as the general taxes of the municipality, and in
12 addition to all other taxes now or hereafter authorized to be
13 levied upon all property within the municipality, and shall be
14 in addition to the amount authorized to be levied for general
15 purposes as provided by Section 8-3-1 of the Illinois Municipal
16 Code, approved May 29, 1961, as amended. The tax shall be
17 forwarded directly to the treasurer of the board within 30
18 business days after receipt by the county.

19 (e) The police pension fund shall consist of the following
20 moneys which shall be set apart by the treasurer of the
21 municipality:

22 (1) All moneys derived from the taxes levied hereunder;

23 (2) Contributions by police officers under Section
24 3-125.1;

25 (3) All moneys accumulated by the municipality under
26 any previous legislation establishing a fund for the

1 benefit of disabled or retired police officers;

2 (4) Donations, gifts or other transfers authorized by
3 this Article.

4 (Source: P.A. 95-530, eff. 8-28-07.)

5 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

6 Sec. 4-118. Financing.

7 (a) Except as provided in subsection (a-5), the ~~The~~ city
8 council or the board of trustees of the municipality shall
9 annually levy a tax upon all the taxable property of the
10 municipality at the rate on the dollar which will produce an
11 amount which, when added to the deductions from the salaries or
12 wages of firefighters and revenues available from other
13 sources, will equal a sum sufficient to meet the annual
14 actuarial requirements of the pension fund, as determined by an
15 enrolled actuary employed by the Illinois Department of
16 Insurance or by an enrolled actuary retained by the pension
17 fund or municipality.

18 (a-5) For the 2-year period consisting of taxable years
19 2010 and 2011, the city council or the board of trustees of the
20 municipality shall annually levy a tax upon all the taxable
21 property of the municipality at the rate on the dollar that
22 will produce an amount for that 2-year period that is the
23 lesser of: (i) the amount levied for taxable year 2009
24 multiplied by 1.1 or (ii) an amount that, when added to the
25 deductions from the salaries or wages of firefighters and

1 revenues available from other sources, will equal a sum
2 sufficient to meet the annual actuarial requirements of the
3 pension fund, as determined by an enrolled actuary employed by
4 the Illinois Department of Insurance or by an enrolled actuary
5 retained by the pension fund or municipality. The intent of
6 this subsection (a-5) is to provide taxpayer relief and
7 preserve municipal employment.

8 (a-10) For the purposes of this Section, the annual
9 actuarial requirements of the pension fund are equal to (1) the
10 normal cost of the pension fund, or 17.5% of the salaries and
11 wages to be paid to firefighters for the year involved,
12 whichever is greater, plus (2) the annual amount necessary to
13 amortize the fund's unfunded accrued liabilities over a period
14 of 40 years from July 1, 1993, as annually updated and
15 determined by an enrolled actuary employed by the Illinois
16 Department of Insurance or by an enrolled actuary retained by
17 the pension fund or the municipality. The amount to be applied
18 towards the amortization of the unfunded accrued liability in
19 any year shall not be less than the annual amount required to
20 amortize the unfunded accrued liability, including interest,
21 as a level percentage of payroll over the number of years
22 remaining in the 40 year amortization period.

23 (b) The tax shall be levied and collected in the same
24 manner as the general taxes of the municipality, and shall be
25 in addition to all other taxes now or hereafter authorized to
26 be levied upon all property within the municipality, and in

1 addition to the amount authorized to be levied for general
2 purposes, under Section 8-3-1 of the Illinois Municipal Code or
3 under Section 14 of the Fire Protection District Act. The tax
4 shall be forwarded directly to the treasurer of the board
5 within 30 business days of receipt by the county (or, in the
6 case of amounts added to the tax levy under subsection (f),
7 used by the municipality to pay the employer contributions
8 required under subsection (b-1) of Section 15-155 of this
9 Code).

10 (c) The board shall make available to the membership and
11 the general public for inspection and copying at reasonable
12 times the most recent Actuarial Valuation Balance Sheet and Tax
13 Levy Requirement issued to the fund by the Department of
14 Insurance.

15 (d) The firefighters' pension fund shall consist of the
16 following moneys which shall be set apart by the treasurer of
17 the municipality: (1) all moneys derived from the taxes levied
18 hereunder; (2) contributions by firefighters as provided under
19 Section 4-118.1; (3) all rewards in money, fees, gifts, and
20 emoluments that may be paid or given for or on account of
21 extraordinary service by the fire department or any member
22 thereof, except when allowed to be retained by competitive
23 awards; and (4) any money, real estate or personal property
24 received by the board.

25 (e) For the purposes of this Section, "enrolled actuary"
26 means an actuary: (1) who is a member of the Society of

1 Actuaries or the American Academy of Actuaries; and (2) who is
2 enrolled under Subtitle C of Title III of the Employee
3 Retirement Income Security Act of 1974, or who has been engaged
4 in providing actuarial services to one or more public
5 retirement systems for a period of at least 3 years as of July
6 1, 1983.

7 (f) The corporate authorities of a municipality that
8 employs a person who is described in subdivision (d) of Section
9 4-106 may add to the tax levy otherwise provided for in this
10 Section an amount equal to the projected cost of the employer
11 contributions required to be paid by the municipality to the
12 State Universities Retirement System under subsection (b-1) of
13 Section 15-155 of this Code.

14 (Source: P.A. 94-859, eff. 6-15-06.)

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