



Rep. David R. Leitch

Filed: 4/5/2011

09700HB2289ham001

LRB097 07874 JDS 53837 a

1 AMENDMENT TO HOUSE BILL 2289

2 AMENDMENT NO. _____. Amend House Bill 2289 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing 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) The city council or the board of trustees of the
9 municipality shall annually levy a tax upon all the taxable
10 property of the municipality at the rate on the dollar which
11 will produce an amount which, when added to the deductions from
12 the salaries or wages of police officers, and revenues
13 available from other sources, will equal a sum sufficient to
14 meet the annual requirements of the police pension fund. The
15 annual requirements to be provided by such tax levy are equal
16 to (1) the normal cost of the pension fund for the year

1 involved, plus (2) an amount sufficient to bring the total
2 assets of the pension fund up to 90% of the total actuarial
3 liabilities of the pension fund within 30 years ~~by the end of~~
4 ~~municipal fiscal year 2040~~, as annually updated and determined
5 by an enrolled actuary employed by the Illinois Department of
6 Insurance or by an enrolled actuary retained by the pension
7 fund or the municipality. In making these determinations, the
8 required minimum employer contribution shall be calculated
9 each year as a level percentage of payroll ~~over the years~~
10 ~~remaining up to and including fiscal year 2040~~ and shall be
11 determined under the projected unit credit actuarial cost
12 method. The tax shall be levied and collected in the same
13 manner as the general taxes of the municipality, and in
14 addition to all other taxes now or hereafter authorized to be
15 levied upon all property within the municipality, and shall be
16 in addition to the amount authorized to be levied for general
17 purposes as provided by Section 8-3-1 of the Illinois Municipal
18 Code, approved May 29, 1961, as amended. The tax shall be
19 forwarded directly to the treasurer of the board within 30
20 business days after receipt by the county.

21 (b) For purposes of determining the required employer
22 contribution to a pension fund, the value of the pension fund's
23 assets shall be equal to the actuarial value of the pension
24 fund's assets, which shall be calculated as follows:

25 (1) On March 30, 2011, the actuarial value of a pension
26 fund's assets shall be equal to the market value of the

1 assets as of that date.

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

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

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

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

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

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

1 (d) The police pension fund shall consist of the following
2 moneys which shall be set apart by the treasurer of the
3 municipality:

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

5 (2) Contributions by police officers under Section
6 3-125.1;

7 (3) All moneys accumulated by the municipality under
8 any previous legislation establishing a fund for the
9 benefit of disabled or retired police officers;

10 (4) Donations, gifts or other transfers authorized by
11 this Article.

12 (e) The Commission on Government Forecasting and
13 Accountability shall conduct a study of all funds established
14 under this Article and shall report its findings to the General
15 Assembly on or before January 1, 2013. To the fullest extent
16 possible, the study shall include, but not be limited to, the
17 following:

18 (1) fund balances;

19 (2) historical employer contribution rates for each
20 fund;

21 (3) the actuarial formulas used as a basis for employer
22 contributions, including the actual assumed rate of return
23 for each year, for each fund;

24 (4) available contribution funding sources;

25 (5) the impact of any revenue limitations caused by
26 PTELL and employer home rule or non-home rule status; and

1 (6) existing statutory funding compliance procedures
2 and funding enforcement mechanisms for all municipal
3 pension funds.

4 (Source: P.A. 95-530, eff. 8-28-07; 96-1495, eff. 1-1-11.)

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

7 (a) The city council or the board of trustees of the
8 municipality shall annually levy a tax upon all the taxable
9 property of the municipality at the rate on the dollar which
10 will produce an amount which, when added to the deductions from
11 the salaries or wages of firefighters and revenues available
12 from other sources, will equal a sum sufficient to meet the
13 annual actuarial requirements of the pension fund, as
14 determined by an enrolled actuary employed by the Illinois
15 Department of Insurance or by an enrolled actuary retained by
16 the pension fund or municipality. For the purposes of this
17 Section, the annual actuarial requirements of the pension fund
18 are equal to (1) the normal cost of the pension fund, or 17.5%
19 of the salaries and wages to be paid to firefighters for the
20 year involved, whichever is greater, plus (2) an annual amount
21 sufficient to bring the total assets of the pension fund up to
22 90% of the total actuarial liabilities of the pension fund
23 within 30 years ~~by the end of municipal fiscal year 2040~~, as
24 annually updated and determined by an enrolled actuary employed
25 by the Illinois Department of Insurance or by an enrolled

1 actuary retained by the pension fund or the municipality. In
2 making these determinations, the required minimum employer
3 contribution shall be calculated each year as a level
4 percentage of payroll ~~over the years remaining up to and~~
5 ~~including fiscal year 2040~~ and shall be determined under the
6 projected unit credit actuarial cost method. The amount to be
7 applied towards the amortization of the unfunded accrued
8 liability in any year shall not be less than the annual amount
9 required to amortize the unfunded accrued liability, including
10 interest, as a level percentage of payroll ~~over the number of~~
11 ~~years remaining in the 40 year amortization period.~~

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

16 (1) On March 30, 2011, the actuarial value of a pension
17 fund's assets shall be equal to the market value of the
18 assets as of that date.

19 (2) In determining the actuarial value of the pension
20 fund's assets for fiscal years after March 30, 2011, any
21 actuarial gains or losses from investment return incurred
22 in a fiscal year shall be recognized in equal annual
23 amounts over the 5-year period following that fiscal year.

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

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

11 (b-5) If a participating municipality fails to transmit to
12 the fund contributions required of it under this Article for
13 more than 90 days after the payment of those contributions is
14 due, the fund may, after giving notice to the municipality,
15 certify to the State Comptroller the amounts of the delinquent
16 payments, and the Comptroller must, beginning in fiscal year
17 2016, deduct and deposit into the fund the certified amounts or
18 a portion of those amounts from the following proportions of
19 grants of State funds to the municipality:

20 (1) in fiscal year 2016, one-third of the total amount
21 of any grants of State funds to the municipality;

22 (2) in fiscal year 2017, two-thirds of the total amount
23 of any grants of State funds to the municipality; and

24 (3) in fiscal year 2018 and each fiscal year
25 thereafter, the total amount of any grants of State funds
26 to the municipality.

1 The State Comptroller may not deduct from any grants of
2 State funds to the municipality more than the amount of
3 delinquent payments certified to the State Comptroller by the
4 fund.

5 (c) The board shall make available to the membership and
6 the general public for inspection and copying at reasonable
7 times the most recent Actuarial Valuation Balance Sheet and Tax
8 Levy Requirement issued to the fund by the Department of
9 Insurance.

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

20 (e) For the purposes of this Section, "enrolled actuary"
21 means an actuary: (1) who is a member of the Society of
22 Actuaries or the American Academy of Actuaries; and (2) who is
23 enrolled under Subtitle C of Title III of the Employee
24 Retirement Income Security Act of 1974, or who has been engaged
25 in providing actuarial services to one or more public
26 retirement systems for a period of at least 3 years as of July

1 1, 1983.

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

9 (g) The Commission on Government Forecasting and
10 Accountability shall conduct a study of all funds established
11 under this Article and shall report its findings to the General
12 Assembly on or before January 1, 2013. To the fullest extent
13 possible, the study shall include, but not be limited to, the
14 following:

15 (1) fund balances;

16 (2) historical employer contribution rates for each
17 fund;

18 (3) the actuarial formulas used as a basis for employer
19 contributions, including the actual assumed rate of return
20 for each year, for each fund;

21 (4) available contribution funding sources;

22 (5) the impact of any revenue limitations caused by
23 PTELL and employer home rule or non-home rule status; and

24 (6) existing statutory funding compliance procedures
25 and funding enforcement mechanisms for all municipal
26 pension funds.

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