



Rep. David R. Leitch

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LRB097 07874 JDS 54420 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) either (i) in the case of a participating
2 municipality that has elected a 30-year rolling amortization
3 period pursuant to subsection (f) of this Section, an amount
4 sufficient to bring the total assets of the pension fund up to
5 90% of the total actuarial liabilities of the pension fund
6 within 30 years, as annually updated and determined by an
7 enrolled actuary employed by the Illinois Department of
8 Insurance or by an enrolled actuary retained by the pension
9 fund or the municipality, or (ii) in all other cases, an amount
10 sufficient to bring the total assets of the pension fund up to
11 90% of the total actuarial liabilities of the pension fund by
12 the end of municipal fiscal year 2040, as annually updated and
13 determined by an enrolled actuary employed by the Illinois
14 Department of Insurance or by an enrolled actuary retained by
15 the pension fund or the municipality. In making these
16 determinations, the required minimum employer contribution
17 shall be calculated each year as a level percentage of payroll
18 ~~over the years remaining up to and including fiscal year 2040~~
19 and shall be determined under the projected unit credit
20 actuarial cost method. The tax shall be levied and collected in
21 the same manner as the general taxes of the municipality, and
22 in addition to all other taxes now or hereafter authorized to
23 be levied upon all property within the municipality, and shall
24 be in addition to the amount authorized to be levied for
25 general purposes as provided by Section 8-3-1 of the Illinois
26 Municipal Code, approved May 29, 1961, as amended. The tax

1 shall be forwarded directly to the treasurer of the board
2 within 30 business days after receipt by the county.

3 (b) For purposes of determining the required employer
4 contribution to a pension fund, the value of the pension fund's
5 assets shall be equal to the actuarial value of the pension
6 fund's assets, which shall be calculated as follows:

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

10 (2) In determining the actuarial value of the System's
11 assets for fiscal years after March 30, 2011, any actuarial
12 gains or losses from investment return incurred in a fiscal
13 year shall be recognized in equal annual amounts over the
14 5-year period following that fiscal year.

15 (c) If a participating municipality fails to transmit to
16 the fund contributions required of it under this Article for
17 more than 90 days after the payment of those contributions is
18 due, the fund may, after giving notice to the municipality,
19 certify to the State Comptroller the amounts of the delinquent
20 payments, and the Comptroller must, beginning in fiscal year
21 2016, deduct and deposit into the fund the certified amounts or
22 a portion of those amounts from the following proportions of
23 grants of State funds to the municipality:

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

26 (2) in fiscal year 2017, two-thirds of the total amount

1 of any grants of State funds to the municipality; and

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

5 The State Comptroller may not deduct from any grants of
6 State funds to the municipality more than the amount of
7 delinquent payments certified to the State Comptroller by the
8 fund.

9 (d) The police pension fund shall consist of the following
10 moneys which shall be set apart by the treasurer of the
11 municipality:

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

13 (2) Contributions by police officers under Section
14 3-125.1;

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

18 (4) Donations, gifts or other transfers authorized by
19 this Article.

20 (e) The Commission on Government Forecasting and
21 Accountability shall conduct a study of all funds established
22 under this Article and shall report its findings to the General
23 Assembly on or before January 1, 2013. To the fullest extent
24 possible, the study shall include, but not be limited to, the
25 following:

26 (1) fund balances;

1 (2) historical employer contribution rates for each
2 fund;

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

6 (4) available contribution funding sources;

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

9 (6) existing statutory funding compliance procedures
10 and funding enforcement mechanisms for all municipal
11 pension funds.

12 (f) Beginning on the effective date of this amendatory Act
13 of the 97th General Assembly, the corporate authorities of a
14 participating municipality may, by a duly authorized
15 resolution or ordinance, elect to use a 30-year rolling
16 amortization period to calculate actuarial liabilities under
17 subsection (a) of this Section.

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

19 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)
20 Sec. 4-118. Financing.

21 (a) The city council or the board of trustees of the
22 municipality shall annually levy a tax upon all the taxable
23 property of the municipality at the rate on the dollar which
24 will produce an amount which, when added to the deductions from
25 the salaries or wages of firefighters and revenues available

1 from other sources, will equal a sum sufficient to meet the
2 annual actuarial requirements of the pension fund, as
3 determined by an enrolled actuary employed by the Illinois
4 Department of Insurance or by an enrolled actuary retained by
5 the pension fund or municipality. For the purposes of this
6 Section, the annual actuarial requirements of the pension fund
7 are equal to (1) the normal cost of the pension fund, or 17.5%
8 of the salaries and wages to be paid to firefighters for the
9 year involved, whichever is greater, plus (2) either (i) in the
10 case of a participating municipality that has elected a 30-year
11 rolling amortization period pursuant to subsection (h) of this
12 Section, an amount sufficient to bring the total assets of the
13 pension fund up to 90% of the total actuarial liabilities of
14 the pension fund within 30 years, 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, or (ii) in all other
18 cases, an annual amount sufficient to bring the total assets of
19 the pension fund up to 90% of the total actuarial liabilities
20 of the pension fund by the end of municipal fiscal year 2040,
21 as annually updated and determined by an enrolled actuary
22 employed by the Illinois Department of Insurance or by an
23 enrolled actuary retained by the pension fund or the
24 municipality. In making these determinations, the required
25 minimum employer contribution shall be calculated each year as
26 a level percentage of payroll ~~over the years remaining up to~~

1 ~~and including fiscal year 2040~~ and shall be determined under
2 the projected unit credit actuarial cost method. The amount to
3 be applied towards the amortization of the unfunded accrued
4 liability in any year shall not be less than the annual amount
5 required to amortize the unfunded accrued liability, including
6 interest, as a level percentage of payroll over the number of
7 years remaining in the ~~40-year~~ amortization period.

8 (a-5) For purposes of determining the required employer
9 contribution to a pension fund, the value of the pension fund's
10 assets shall be equal to the actuarial value of the pension
11 fund's assets, which shall be calculated as follows:

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

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

20 (b) The tax shall be levied and collected in the same
21 manner as the general taxes of the municipality, and shall be
22 in addition to all other taxes now or hereafter authorized to
23 be levied upon all property within the municipality, and in
24 addition to the amount authorized to be levied for general
25 purposes, under Section 8-3-1 of the Illinois Municipal Code or
26 under Section 14 of the Fire Protection District Act. The tax

1 shall be forwarded directly to the treasurer of the board
2 within 30 business days of receipt by the county (or, in the
3 case of amounts added to the tax levy under subsection (f),
4 used by the municipality to pay the employer contributions
5 required under subsection (b-1) of Section 15-155 of this
6 Code).

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

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

16 (e) For the purposes of this Section, "enrolled actuary"
17 means an actuary: (1) who is a member of the Society of
18 Actuaries or the American Academy of Actuaries; and (2) who is
19 enrolled under Subtitle C of Title III of the Employee
20 Retirement Income Security Act of 1974, or who has been engaged
21 in providing actuarial services to one or more public
22 retirement systems for a period of at least 3 years as of July
23 1, 1983.

24 (f) The corporate authorities of a municipality that
25 employs a person who is described in subdivision (d) of Section
26 4-106 may add to the tax levy otherwise provided for in this

1 Section an amount equal to the projected cost of the employer
2 contributions required to be paid by the municipality to the
3 State Universities Retirement System under subsection (b-1) of
4 Section 15-155 of this Code.

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

11 (1) fund balances;

12 (2) historical employer contribution rates for each
13 fund;

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

17 (4) available contribution funding sources;

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

20 (6) existing statutory funding compliance procedures
21 and funding enforcement mechanisms for all municipal
22 pension funds.

23 (h) Beginning on the effective date of this amendatory Act
24 of the 97th General Assembly, the corporate authorities of a
25 participating municipality may, by a duly authorized
26 resolution or ordinance, elect to use a 30-year rolling

1 amortization period to calculate actuarial liabilities under
2 subsection (a) of this Section.
3 (Source: P.A. 96-1495, eff. 1-1-11.)"