



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5426

Introduced 2/15/2012, by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

40 ILCS 5/6-165

from Ch. 108 1/2, par. 6-165

30 ILCS 805/8.36 new

Amends the Chicago Firefighter Article of the Illinois Pension Code. Provides that the city shall deposit with the city treasurer for the benefit of the fund, a minimum of 20% of all proceeds collected by the city from newly established gaming revenue sources arising out of legislation enacted in 2012 or thereafter. These deposits shall continue until the stabilization of the fund has been deemed to have occurred by an independent actuarial organization mutually agreed upon by the city, employee representatives, and the board of the fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 18871 EFG 64109 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 Section 6-165 as follows:

6 (40 ILCS 5/6-165) (from Ch. 108 1/2, par. 6-165)
7 Sec. 6-165. Financing; tax.

8 (a) Except as expressly provided in this Section, each city
9 shall levy a tax annually upon all taxable property therein for
10 the purpose of providing revenue for the fund. For the years
11 prior to the year 1960, the tax rate shall be as provided for
12 in the "Firemen's Annuity and Benefit Fund of the Illinois
13 Municipal Code". The tax, from and after January 1, 1968 to and
14 including the year 1971, shall not exceed .0863% of the value,
15 as equalized or assessed by the Department of Revenue, of all
16 taxable property in the city. Beginning with the year 1972 and
17 through 2014, the city shall levy a tax annually at a rate on
18 the dollar of the value, as equalized or assessed by the
19 Department of Revenue of all taxable property within such city
20 that will produce, when extended, not to exceed an amount equal
21 to the total amount of contributions by the employees to the
22 fund made in the calendar year 2 years prior to the year for
23 which the annual applicable tax is levied, multiplied by 2.23

1 through the calendar year 1981, and by 2.26 for the year 1982
2 and for each year through 2014. Beginning in 2015, the city
3 council shall levy a tax annually at a rate on the dollar of
4 the assessed valuation of all taxable property that will
5 produce when extended an annual amount that is equal to (1) the
6 normal cost to the Fund, plus (2) an annual amount sufficient
7 to bring the total assets of the Fund up to 90% of the total
8 actuarial liabilities of the Fund by the end of fiscal year
9 2040, as annually updated and determined by an enrolled actuary
10 employed by the Illinois Department of Insurance or by an
11 enrolled actuary retained by the Fund or the city. In making
12 these determinations, the required minimum employer
13 contribution shall be calculated each year as a level
14 percentage of payroll over the years remaining up to and
15 including fiscal year 2040 and shall be determined under the
16 projected unit credit actuarial cost method.

17 To provide revenue for the ordinary death benefit
18 established by Section 6-150 of this Article, in addition to
19 the contributions by the firemen for this purpose, the city
20 council shall for the year 1962 and each year thereafter
21 annually levy a tax, which shall be in addition to and
22 exclusive of the taxes authorized to be levied under the
23 foregoing provisions of this Section, upon all taxable property
24 in the city, as equalized or assessed by the Department of
25 Revenue, at such rate per cent of the value of such property as
26 shall be sufficient to produce for each year the sum of

1 \$142,000.

2 The amounts produced by the taxes levied annually, together
3 with the deposit expressly authorized in this Section, shall be
4 sufficient, when added to the amounts deducted from the
5 salaries of firemen and applied to the fund, to provide for the
6 purposes of the fund.

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

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

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

19 (a-7) If the city fails to transmit to the Fund
20 contributions required of it under this Article for more than
21 90 days after the payment of those contributions is due, the
22 Fund may, after giving notice to the city, certify to the State
23 Comptroller the amounts of the delinquent payments, and the
24 Comptroller must, beginning in fiscal year 2016, deduct and
25 deposit into the Fund the certified amounts or a portion of
26 those amounts from the following proportions of grants of State

1 funds to the city:

2 (1) in fiscal year 2016, one-third of the total amount
3 of any grants of State funds to the city;

4 (2) in fiscal year 2017, two-thirds of the total amount
5 of any grants of State funds to the city; and

6 (3) in fiscal year 2018 and each fiscal year
7 thereafter, the total amount of any grants of State funds
8 to the city.

9 The State Comptroller may not deduct from any grants of
10 State funds to the city more than the amount of delinquent
11 payments certified to the State Comptroller by the Fund.

12 (b) The taxes shall be levied and collected in like manner
13 with the general taxes of the city, and shall be in addition to
14 all other taxes which the city may levy upon all taxable
15 property therein and shall be exclusive of and in addition to
16 the amount of tax the city may levy for general purposes under
17 Section 8-3-1 of the Illinois Municipal Code, approved May 29,
18 1961, as amended, or under any other law or laws which may
19 limit the amount of tax which the city may levy for general
20 purposes.

21 (c) The amounts of the taxes to be levied in each year
22 shall be certified to the city council by the board.

23 (d) As soon as any revenue derived from such taxes is
24 collected, it shall be paid to the city treasurer and held for
25 the benefit of the fund, and all such revenue shall be paid
26 into the fund in accordance with the provisions of this

1 Article.

2 (e) If the funds available are insufficient during any year
3 to meet the requirements of this Article, the city may issue
4 tax anticipation warrants, against the tax levies herein
5 authorized for the current fiscal year.

6 (f) The various sums, hereinafter stated, including
7 interest, to be contributed by the city, shall be taken from
8 the revenue derived from the taxes or otherwise as expressly
9 provided in this Section. Except for defraying the cost of
10 administration of the fund during the calendar year in which a
11 city first attains a population of 500,000 and comes under the
12 provisions of this Article and the first calendar year
13 thereafter, any money of the city derived from any source other
14 than these taxes or the sale of tax anticipation warrants shall
15 not be used to provide revenue for the fund, nor to pay any
16 part of the cost of administration thereof, unless applied to
17 make the deposit expressly authorized in this Section or the
18 additional city contributions required under subsection (h).

19 (g) In lieu of levying all or a portion of the tax required
20 under this Section in any year, the city may deposit with the
21 city treasurer no later than March 1 of that year for the
22 benefit of the fund, to be held in accordance with this
23 Article, an amount that, together with the taxes levied under
24 this Section for that year, is not less than the amount of the
25 city contributions for that year as certified by the board to
26 the city council. The deposit may be derived from any source

1 legally available for that purpose, including, but not limited
2 to, the proceeds of city borrowings. The making of a deposit
3 shall satisfy fully the requirements of this Section for that
4 year to the extent of the amounts so deposited. Amounts
5 deposited under this subsection may be used by the fund for any
6 of the purposes for which the proceeds of the taxes levied
7 under this Section may be used, including the payment of any
8 amount that is otherwise required by this Article to be paid
9 from the proceeds of those taxes.

10 (h) In addition to the contributions required under the
11 other provisions of this Article, by November 1 of the
12 following specified years, the city shall deposit with the city
13 treasurer for the benefit of the fund, to be held and used in
14 accordance with this Article, the following specified amounts:
15 \$6,300,000 in 1999; \$5,880,000 in 2000; \$5,460,000 in 2001;
16 \$5,040,000 in 2002; and \$4,620,000 in 2003.

17 The additional city contributions required under this
18 subsection are intended to decrease the unfunded liability of
19 the fund and shall not decrease the amount of the city
20 contributions required under the other provisions of this
21 Article. The additional city contributions made under this
22 subsection may be used by the fund for any of its lawful
23 purposes.

24 (i) In addition to the contributions required under the
25 other provisions of this Article, the city shall deposit with
26 the city treasurer for the benefit of the fund, to be held and

1 used in accordance with this Article, a minimum of 20% of all
2 proceeds collected by the city from newly established gaming
3 revenue sources arising out of legislation enacted in 2012 or
4 thereafter. These deposits shall continue until the
5 stabilization of the fund has been deemed to have occurred by
6 an independent actuarial organization mutually agreed upon by
7 the city, employee representatives, and the board of the fund.

8 The additional city contributions required under this
9 subsection are intended for the emergency stabilization of the
10 fund and shall not decrease the amount of the city
11 contributions required under the other provisions of this
12 Article. The additional city contributions made under this
13 subsection may be used by the fund for any of its lawful
14 purposes.

15
16 (Source: P.A. 96-1495, eff. 1-1-11.)

17 Section 90. The State Mandates Act is amended by adding
18 Section 8.36 as follows:

19 (30 ILCS 805/8.36 new)

20 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
21 of this Act, no reimbursement by the State is required for the
22 implementation of any mandate created by this amendatory Act of
23 the 97th General Assembly.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.