



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB1335

Introduced 2/9/2017, by Sen. Melinda Bush

SYNOPSIS AS INTRODUCED:

40 ILCS 5/4-118

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

30 ILCS 805/8.41 new

Amends the Downstate Firefighter Article of the Illinois Pension Code. Requires a unit of local government that employs a firefighter who is a full-time firefighter in a different downstate firefighter pension fund to make specified contributions to that downstate firefighter pension fund. Requires a specified additional contribution to the pension fund from that firefighter's primary employer. Establishes reporting requirements. Authorizes the State comptroller to intercept State funds in the event the unit of local government does not make its required contribution to the primary employer's downstate pension fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 06103 RPS 16135 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 4-118 as follows:

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

7 Sec. 4-118. 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 firefighters and revenues available
13 from other sources, will equal a sum sufficient to meet the
14 annual actuarial requirements of the pension fund, as
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 municipality. For the purposes of this
18 Section, the annual actuarial requirements of the pension fund
19 are equal to (1) the normal cost of the pension fund, or 17.5%
20 of the salaries and wages to be paid to firefighters for the
21 year involved, whichever is greater, plus (2) an annual amount
22 sufficient to bring the total assets of the pension fund up to
23 90% of the total actuarial liabilities of the pension fund by

1 the end of municipal fiscal year 2040, as annually updated and
2 determined by an enrolled actuary employed by the Illinois
3 Department of Insurance or by an enrolled actuary retained by
4 the pension fund or the municipality. In making these
5 determinations, the required minimum employer contribution
6 shall be calculated each year as a level percentage of payroll
7 over the years remaining up to and including fiscal year 2040
8 and shall be determined under the projected unit credit
9 actuarial cost method. The amount to be applied towards the
10 amortization of the unfunded accrued liability in any year
11 shall not be less than the annual amount required to amortize
12 the unfunded accrued liability, including interest, as a level
13 percentage of payroll over the number of years remaining in the
14 40 year amortization period.

15 (a-2) A unit of local government that has established a
16 pension fund under this Article and who employs a full-time
17 firefighter, as defined in Section 4-106, shall be deemed a
18 primary employer with respect to that full-time firefighter.
19 Any unit of local government that employs a firefighter while
20 that firefighter continues to earn service credits as a
21 participant in a primary employer's pension fund under this
22 Article shall be deemed a secondary employer and such employees
23 shall be deemed to be secondary employee firefighters. Primary
24 and secondary employers shall have the following duties to
25 ensure that the primary employer's pension fund under this
26 Article is compensated for additional liabilities and risks to

1 which firefighters are exposed when performing work as
2 firefighters for secondary employers:

3 (1) A secondary employer shall annually prepare a
4 report accounting for all wages and salaries paid to the
5 secondary employee firefighters it employs for each fiscal
6 year in which such firefighters are employed and transmit a
7 certified copy of that report to the primary employer and
8 the secondary employee firefighter no later than 30 days
9 after the end of any fiscal year in which wages were paid
10 to the secondary employee firefighters.

11 (2) The secondary employer, concurrent with the
12 certification of its report, shall contribute an amount
13 equal to 17.5% of the total wages and salaries paid to the
14 secondary employee firefighter to the primary employer's
15 pension fund for deposit to the credit of the pension fund.

16 (3) The primary employer shall, no later than 15 days
17 after receipt of the secondary employer's report,
18 contribute an additional amount equal to 9.455% of the
19 total amount of salaries and wages paid by the secondary
20 employer to the secondary employee firefighter and pay such
21 amount to its pension fund for deposit to the credit of the
22 pension fund.

23 (4) The primary employer and the pension fund of that
24 primary employer shall have standing to enforce the pension
25 funding obligations of the secondary employer and
26 secondary employee firefighters established under this

1 subsection in accordance with the provisions of subsection
2 (b-10) of this Section.

3 The contributions required under this subsection apply
4 beginning on the first day of the primary employer's pension
5 fund's first fiscal year beginning on or after the effective
6 date of this amendatory Act of the 100th General Assembly.

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

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

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

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

6 (b-5) If a participating municipality fails to transmit to
7 the fund contributions required of it under this Article for
8 more than 90 days after the payment of those contributions is
9 due, the fund may, after giving notice to the municipality,
10 certify to the State Comptroller the amounts of the delinquent
11 payments in accordance with any applicable rules of the
12 Comptroller, and the Comptroller must, beginning in fiscal year
13 2016, deduct and remit to the fund the certified amounts or a
14 portion of those amounts from the following proportions of
15 payments of State funds to the municipality:

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

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

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

23 The State Comptroller may not deduct from any payments 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 (b-10) If a unit of local government fails to transmit to
2 the fund contributions required of it under subsection (a-2) of
3 this Section for more than 90 days after the payment of those
4 contributions is due, the fund may, after giving notice to the
5 unit of local government, certify to the State Comptroller the
6 amounts of the delinquent payments in accordance with any
7 applicable rules of the Comptroller, and the Comptroller must,
8 beginning in fiscal year 2018, deduct and remit to the fund the
9 certified amounts or a portion of those amounts from payments
10 of State funds to the unit of local government. The State
11 Comptroller may not deduct from any payments of State funds to
12 the unit of local government more than the amount of delinquent
13 payments certified to the State Comptroller by the fund.

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

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

1 awards; and (4) any money, real estate or personal property
2 received by the board.

3 (e) For the purposes of this Section, "enrolled actuary"
4 means an actuary: (1) who is a member of the Society of
5 Actuaries or the American Academy of Actuaries; and (2) who is
6 enrolled under Subtitle C of Title III of the Employee
7 Retirement Income Security Act of 1974, or who has been engaged
8 in providing actuarial services to one or more public
9 retirement systems for a period of at least 3 years as of July
10 1, 1983.

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

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

24 (1) fund balances;

25 (2) historical employer contribution rates for each
26 fund;

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

4 (4) available contribution funding sources;

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

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

10 (Source: P.A. 99-8, eff. 7-9-15.)

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.41 as follows:

13 (30 ILCS 805/8.41 new)

14 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
15 of this Act, no reimbursement by the State is required for the
16 implementation of any mandate created by this amendatory Act of
17 the 100th General Assembly.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.