



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4660

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-173

from Ch. 108 1/2, par. 8-173

Amends the Chicago Municipal Article of the Illinois Pension Code. Provides that if the city fails to transmit required contributions to the pension fund, the fund may certify to the State Comptroller the amount due, and the Comptroller must deduct and remit to (instead of deposit into) the fund the certified amounts from payments of State funds (instead of grants of State funds) to the city. Specifies that the certification must be in accordance with any applicable rules of the Comptroller. Effective immediately.

LRB100 15660 RPS 30761 b

FISCAL NOTE ACT
MAY APPLY

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 Section 8-173 as follows:

6 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

7 Sec. 8-173. Financing; tax levy.

8 (a) Except as provided in subsection (f) of this Section,
9 the city council of the city shall levy a tax annually upon all
10 taxable property in the city at a rate that will produce a sum
11 which, when added to the amounts deducted from the salaries of
12 the employees or otherwise contributed by them and the amounts
13 deposited under subsection (f), will be sufficient for the
14 requirements of this Article, but which when extended will
15 produce an amount not to exceed the greater of the following:

16 (a) the sum obtained by the levy of a tax of .1093% of the
17 value, as equalized or assessed by the Department of Revenue,
18 of all taxable property within such city, or (b) the sum of
19 \$12,000,000. However any city in which a Fund has been
20 established and in operation under this Article for more than 3
21 years prior to 1970 shall levy for the year 1970 a tax at a rate
22 on the dollar of assessed valuation of all taxable property
23 that will produce, when extended, an amount not to exceed 1.2

1 times the total amount of contributions made by employees to
2 the Fund for annuity purposes in the calendar year 1968, and,
3 for the year 1971 and 1972 such levy that will produce, when
4 extended, an amount not to exceed 1.3 times the total amount of
5 contributions made by employees to the Fund for annuity
6 purposes in the calendar years 1969 and 1970, respectively; and
7 for the year 1973 an amount not to exceed 1.365 times such
8 total amount of contributions made by employees for annuity
9 purposes in the calendar year 1971; and for the year 1974 an
10 amount not to exceed 1.430 times such total amount of
11 contributions made by employees for annuity purposes in the
12 calendar year 1972; and for the year 1975 an amount not to
13 exceed 1.495 times such total amount of contributions made by
14 employees for annuity purposes in the calendar year 1973; and
15 for the year 1976 an amount not to exceed 1.560 times such
16 total amount of contributions made by employees for annuity
17 purposes in the calendar year 1974; and for the year 1977 an
18 amount not to exceed 1.625 times such total amount of
19 contributions made by employees for annuity purposes in the
20 calendar year 1975; and for the year 1978 and each year
21 thereafter through levy year 2016, such levy as will produce,
22 when extended, an amount not to exceed the total amount of
23 contributions made by or on behalf of employees to the Fund for
24 annuity purposes in the calendar year 2 years prior to the year
25 for which the annual applicable tax is levied, multiplied by
26 1.690 for the years 1978 through 1998 and by 1.250 for the year

1 1999 and for each year thereafter through levy year 2016.
2 Beginning in levy year 2017, and in each year thereafter, the
3 levy shall not exceed the amount of the city's total required
4 contribution to the Fund for the next payment year, as
5 determined under subsection (a-5). For the purposes of this
6 Section, the payment year is the year immediately following the
7 levy year.

8 The tax shall be levied and collected in like manner with
9 the general taxes of the city, and shall be exclusive of and in
10 addition to the amount of tax the city is now or may hereafter
11 be authorized to levy for general purposes under any laws which
12 may limit the amount of tax which the city may levy for general
13 purposes. The county clerk of the county in which the city is
14 located, in reducing tax levies under the provisions of any Act
15 concerning the levy and extension of taxes, shall not consider
16 the tax herein provided for as a part of the general tax levy
17 for city purposes, and shall not include the same within any
18 limitation of the percent of the assessed valuation upon which
19 taxes are required to be extended for such city.

20 Revenues derived from such tax shall be paid to the city
21 treasurer of the city as collected and held by the city
22 treasurer for the benefit of the fund.

23 If the payments on account of taxes are insufficient during
24 any year to meet the requirements of this Article, the city may
25 issue tax anticipation warrants against the current tax levy.

26 The city may continue to use other lawfully available funds

1 in lieu of all or part of the levy, as provided under
2 subsection (f) of this Section.

3 (a-5) (1) Beginning in payment year 2018, the city's
4 required annual contribution to the Fund for payment years 2018
5 through 2022 shall be: for 2018, \$266,000,000; for 2019,
6 \$344,000,000; for 2020, \$421,000,000; for 2021, \$499,000,000;
7 and for 2022, \$576,000,000.

8 (2) For payment years 2023 through 2058, the city's
9 required annual contribution to the Fund shall be the amount
10 determined by the Fund to be equal to the sum of (i) the city's
11 portion of the projected normal cost for that fiscal year, plus
12 (ii) an amount determined on a level percentage of applicable
13 employee payroll basis (reflecting any limits on individual
14 participants' pay that apply for benefit and contribution
15 purposes under this plan) that is sufficient to bring the total
16 actuarial assets of the Fund up to 90% of the total actuarial
17 liabilities of the Fund by the end of 2058.

18 (3) For payment years after 2058, the city's required
19 annual contribution to the Fund shall be equal to the amount,
20 if any, needed to bring the total actuarial assets of the Fund
21 up to 90% of the total actuarial liabilities of the Fund as of
22 the end of the year. In making the determinations under
23 paragraphs (2) and (3) of this subsection, the actuarial
24 calculations shall be determined under the entry age normal
25 actuarial cost method, and any actuarial gains or losses from
26 investment return incurred in a fiscal year shall be recognized

1 in equal annual amounts over the 5-year period following the
2 fiscal year.

3 To the extent that the city's contribution for any of the
4 payment years referenced in this subsection is made with
5 property taxes, those property taxes shall be levied,
6 collected, and paid to the Fund in a like manner with the
7 general taxes of the city.

8 (a-10) If the city fails to transmit to the Fund
9 contributions required of it under this Article by December 31
10 of the year in which such contributions are due, the Fund may,
11 after giving notice to the city, certify to the State
12 Comptroller the amounts of the delinquent payments in
13 accordance with any applicable rules of the Comptroller, and
14 the Comptroller must, beginning in payment year 2018, deduct
15 and remit to ~~deposit into~~ the Fund the certified amounts or a
16 portion of those amounts from the following proportions of
17 payments ~~grants~~ of State funds to the city:

18 (1) in payment year 2018, one-third of the total amount
19 of any payments ~~grants~~ of State funds to the city;

20 (2) in payment year 2019, two-thirds of the total
21 amount of any payments ~~grants~~ of State funds to the city;
22 and

23 (3) in payment year 2020 and each payment year
24 thereafter, the total amount of any payments ~~grants~~ of
25 State funds to the city.

26 The State Comptroller may not deduct from any payments

1 ~~grants~~ of State funds to the city more than the amount of
2 delinquent payments certified to the State Comptroller by the
3 Fund.

4 (b) On or before July 1, 2017, and each July 1 thereafter,
5 the board shall certify to the city council the annual amounts
6 required under this Article, for which the tax herein provided
7 shall be levied for the following year. The board shall compute
8 the amounts necessary to be credited to the reserves
9 established and maintained as herein provided, and shall make
10 an annual determination of the amount of the required city
11 contributions, and certify the results thereof to the city
12 council.

13 (c) In respect to employees of the city who are transferred
14 to the employment of a park district by virtue of the "Exchange
15 of Functions Act of 1957", the corporate authorities of the
16 park district shall annually levy a tax upon all the taxable
17 property in the park district at such rate per cent of the
18 value of such property, as equalized or assessed by the
19 Department of Revenue, as shall be sufficient, when added to
20 the amounts deducted from their salaries and otherwise
21 contributed by them to provide the benefits to which they and
22 their dependents and beneficiaries are entitled under this
23 Article. The city shall not levy a tax hereunder in respect to
24 such employees.

25 The tax so levied by the park district shall be in addition
26 to and exclusive of all other taxes authorized to be levied by

1 the park district for corporate, annuity fund, or other
2 purposes. The county clerk of the county in which the park
3 district is located, in reducing any tax levied under the
4 provisions of any act concerning the levy and extension of
5 taxes shall not consider such tax as part of the general tax
6 levy for park purposes, and shall not include the same in any
7 limitation of the per cent of the assessed valuation upon which
8 taxes are required to be extended for the park district. The
9 proceeds of the tax levied by the park district, upon receipt
10 by the district, shall be immediately paid over to the city
11 treasurer of the city for the uses and purposes of the fund.

12 The various sums to be contributed by the city and park
13 district and allocated for the purposes of this Article, and
14 any interest to be contributed by the city, shall be derived
15 from the revenue from the taxes authorized in this Section or
16 otherwise as expressly provided in this Section.

17 If it is not possible or practicable for the city to make
18 contributions for age and service annuity and widow's annuity
19 at the same time that employee contributions are made for such
20 purposes, such city contributions shall be construed to be due
21 and payable as of the end of the fiscal year for which the tax
22 is levied and shall accrue thereafter with interest at the
23 effective rate until paid.

24 (d) With respect to employees whose wages are funded as
25 participants under the Comprehensive Employment and Training
26 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.

1 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
2 subsequent to October 1, 1978, and in instances where the board
3 has elected to establish a manpower program reserve, the board
4 shall compute the amounts necessary to be credited to the
5 manpower program reserves established and maintained as herein
6 provided, and shall make a periodic determination of the amount
7 of required contributions from the City to the reserve to be
8 reimbursed by the federal government in accordance with rules
9 and regulations established by the Secretary of the United
10 States Department of Labor or his designee, and certify the
11 results thereof to the City Council. Any such amounts shall
12 become a credit to the City and will be used to reduce the
13 amount which the City would otherwise contribute during
14 succeeding years for all employees.

15 (e) In lieu of establishing a manpower program reserve with
16 respect to employees whose wages are funded as participants
17 under the Comprehensive Employment and Training Act of 1973, as
18 authorized by subsection (d), the board may elect to establish
19 a special municipality contribution rate for all such
20 employees. If this option is elected, the City shall contribute
21 to the Fund from federal funds provided under the Comprehensive
22 Employment and Training Act program at the special rate so
23 established and such contributions shall become a credit to the
24 City and be used to reduce the amount which the City would
25 otherwise contribute during succeeding years for all
26 employees.

1 (f) In lieu of levying all or a portion of the tax required
2 under this Section in any year, the city may deposit with the
3 city treasurer for the benefit of the fund, to be held in
4 accordance with this Article, an amount that, together with the
5 taxes levied under this Section for that year, is not less than
6 the amount of the city contributions for that year as certified
7 by the board to the city council. The deposit may be derived
8 from any source legally available for that purpose, including,
9 but not limited to, the proceeds of city borrowings. The making
10 of a deposit shall satisfy fully the requirements of this
11 Section for that year to the extent of the amounts so
12 deposited. Amounts deposited under this subsection may be used
13 by the fund for any of the purposes for which the proceeds of
14 the tax levied by the city under this Section may be used,
15 including the payment of any amount that is otherwise required
16 by this Article to be paid from the proceeds of that tax.

17 (Source: P.A. 100-23, eff. 7-6-17.)

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