

HB1246



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB1246

Introduced 1/28/2025, by Rep. Dave Vella

SYNOPSIS AS INTRODUCED:

40 ILCS 5/3-125

from Ch. 108 1/2, par. 3-125

40 ILCS 5/4-118

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

30 ILCS 805/8.49 new

Amends the Downstate Police and Downstate Firefighter Articles of the Illinois Pension Code. Provides that the annual employer contribution shall include an amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2050 (instead of 2040). Makes a conforming change. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB104 03026 RPS 13044 b

A BILL FOR

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
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
12 from 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
17 involved, plus (2) an amount sufficient to bring the total
18 assets of the pension fund up to 90% of the total actuarial
19 liabilities of the pension fund by the end of municipal fiscal
20 year 2050 ~~2040~~, as annually updated and determined by an
21 enrolled actuary employed by the Illinois Department of
22 Insurance or by an enrolled actuary retained by the pension
23 fund or the municipality. In making these determinations, the

1 required minimum employer contribution shall be calculated
2 each year as a level percentage of payroll over the years
3 remaining up to and including fiscal year 2050 ~~2040~~ and shall
4 be determined under the projected unit credit actuarial cost
5 method. The tax shall be levied and collected in the same
6 manner as the general taxes of the municipality, and in
7 addition to all other taxes now or hereafter authorized to be
8 levied upon all property within the municipality, and shall be
9 in addition to the amount authorized to be levied for general
10 purposes as provided by Section 8-3-1 of the Illinois
11 Municipal Code, approved May 29, 1961, as amended. The tax
12 shall be forwarded directly to the treasurer of the board
13 within 30 business days after receipt by the county.

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

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

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

26 (c) If a participating municipality fails to transmit to

1 the fund contributions required of it under this Article for
2 more than 90 days after the payment of those contributions is
3 due, the fund may, after giving notice to the municipality,
4 certify to the State Comptroller the amounts of the delinquent
5 payments in accordance with any applicable rules of the
6 Comptroller, and the Comptroller must, beginning in fiscal
7 year 2016, deduct and remit to the fund the certified amounts
8 or a portion of those amounts from the following proportions
9 of payments of State funds to the municipality:

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

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

15 (3) in fiscal year 2018 and each fiscal year
16 thereafter, the total amount of any payments of State
17 funds to the municipality.

18 The State Comptroller may not deduct from any payments of
19 State funds to the municipality more than the amount of
20 delinquent payments certified to the State Comptroller by the
21 fund.

22 (d) The police pension fund shall consist of the following
23 moneys which shall be set apart by the treasurer of the
24 municipality:

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

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

(2.5) All moneys received from the Police Officers' Pension Investment Fund as provided in Article 22B of this Code;

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

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

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

(1) fund balances;

(2) historical employer contribution rates for each fund;

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

(4) available contribution funding sources:

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

(6) existing statutory funding compliance procedures

1 and funding enforcement mechanisms for all municipal
2 pension funds.

3 (Source: P.A. 101-610, eff. 1-1-20.)

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

5 Sec. 4-118. Financing.

6 (a) The city council or the board of trustees of the
7 municipality shall annually levy a tax upon all the taxable
8 property of the municipality at the rate on the dollar which
9 will produce an amount which, when added to the deductions
10 from the salaries or wages of firefighters and revenues
11 available from other sources, will equal a sum sufficient to
12 meet the annual actuarial requirements of the pension fund, as
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 municipality. For the purposes of this
16 Section, the annual actuarial requirements of the pension fund
17 are equal to (1) the normal cost of the pension fund, or 17.5%
18 of the salaries and wages to be paid to firefighters for the
19 year involved, whichever is greater, plus (2) an annual amount
20 sufficient to bring the total assets of the pension fund up to
21 90% of the total actuarial liabilities of the pension fund by
22 the end of municipal fiscal year 2050 ~~2040~~, as annually
23 updated and determined by an enrolled actuary employed by the
24 Illinois Department of Insurance or by an enrolled actuary
25 retained by the pension fund or the municipality. In making

1 these determinations, the required minimum employer
2 contribution shall be calculated each year as a level
3 percentage of payroll over the years remaining up to and
4 including fiscal year 2050 ~~2040~~ and shall be determined under
5 the projected unit credit actuarial cost method. The amount to
6 be applied towards the amortization of the unfunded accrued
7 liability in any year shall not be less than the annual amount
8 required to amortize the unfunded accrued liability, including
9 interest, as a level percentage of payroll over the number of
10 years remaining in the 40-year amortization period.

11 (a-2) A municipality that has established a pension fund
12 under this Article and that employs a full-time firefighter,
13 as defined in Section 4-106, shall be deemed a primary
14 employer with respect to that full-time firefighter. Any
15 municipality of 5,000 or more inhabitants that employs or
16 enrolls a firefighter while that firefighter continues to earn
17 service credit as a participant in a primary employer's
18 pension fund under this Article shall be deemed a secondary
19 employer and such employees shall be deemed to be secondary
20 employee firefighters. To ensure that the primary employer's
21 pension fund under this Article is aware of additional
22 liabilities and risks to which firefighters are exposed when
23 performing work as firefighters for secondary employers, a
24 secondary employer shall annually prepare a report accounting
25 for all hours worked by and wages and salaries paid to the
26 secondary employee firefighters it receives services from or

1 employs for each fiscal year in which such firefighters are
2 employed and transmit a certified copy of that report to the
3 primary employer's pension fund, the Department of Insurance,
4 and the secondary employee firefighter no later than 30 days
5 after the end of any fiscal year in which wages were paid to
6 the secondary employee firefighters.

7 Nothing in this Section shall be construed to allow a
8 secondary employee to qualify for benefits or creditable
9 service for employment as a firefighter for a secondary
10 employer.

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

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

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

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

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

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

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

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

25 (3) in fiscal year 2018 and each fiscal year
26 thereafter, the total amount of any payments of State

1 funds to the municipality.

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

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

11 (d) The firefighters' pension fund shall consist of the
12 following moneys which shall be set apart by the treasurer of
13 the municipality: (1) all moneys derived from the taxes levied
14 hereunder; (2) contributions by firefighters as provided under
15 Section 4-118.1; (2.5) all moneys received from the
16 Firefighters' Pension Investment Fund as provided in Article
17 22C of this Code; (3) all rewards in money, fees, gifts, and
18 emoluments that may be paid or given for or on account of
19 extraordinary service by the fire department or any member
20 thereof, except when allowed to be retained by competitive
21 awards; and (4) any money, real estate or personal property
22 received by the board.

23 (e) For the purposes of this Section, "enrolled actuary"
24 means an actuary: (1) who is a member of the Society of
25 Actuaries or the American Academy of Actuaries; and (2) who is
26 enrolled under Subtitle C of Title III of the Employee

1 Retirement Income Security Act of 1974, or who has been
2 engaged in providing actuarial services to one or more public
3 retirement systems for a period of at least 3 years as of July
4 1, 1983.

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

12 (g) 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
15 General Assembly on or before January 1, 2013. To the fullest
16 extent possible, the study shall include, but not be limited
17 to, the 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
22 employer contributions, including the actual assumed rate
23 of return 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

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

(Source: P.A. 101-522, eff. 8-23-19; 101-610, eff. 1-1-20; 102-59, eff. 7-9-21; 102-558, eff. 8-20-21.)

Section 90. The State Mandates Act is amended by adding Section 8.49 as follows:

(30 ILCS 805/8.49 new)

Sec. 8.49. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 104th General Assembly.

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