



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB1896

Introduced 2/6/2025, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Creates the State-Funded Retirement Systems Council to appoint and oversee the Pension Funding Trustee and to monitor and verify State funding to the State-Funded Retirement Systems. Creates the Office of Pension Trustee. Sets forth duties of the Council and Trustee. Provides that the State pledges that the State will not limit or alter certain rights of the Council, the State-Funded Retirement Systems, the Pension Funding Trustee, or the Auditor General under the amendatory Act; alter the method of calculating the minimum required contribution by the State to any State-Funded Retirement System in such a manner as results in a diminution in the contribution amount to a State-Funded Retirement System before the total assets of that System are equal to 100% of the total actuarial liabilities of that System; or use the proceeds of certain income tax surcharges for anything other than certain purposes. Waives sovereign immunity for purposes of the State-Funded Retirement Systems Council. Beginning State Fiscal Year 2026, sets forth a minimum contribution formula for the State-funded retirement systems equal to the sum of the Base Contribution plus the Benefit Change Contribution Amount. Makes conforming and other changes. Provides for transfers from the Budget Stabilization Act from the proceeds of the income tax surcharge under the amendatory Act. Amends the Illinois Income Tax Act. Establishes a surcharge for taxable years 2026 through 2034 for all individuals, trusts, and estates equal to 0.5% of the taxpayer's net income and 0.7% of the net income of all corporations. Makes conforming changes in the Court of Claims Act. Effective immediately.

LRB104 09969 RPS 20039 b

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 adding  
5 Article 1B as follows:

6 (40 ILCS 5/Art. 1B heading new)

7 ARTICLE 1B.

8 STATE-FUNDED RETIREMENT SYSTEMS COUNCIL

9 (40 ILCS 5/1B-5 new)

10 Sec. 1B-5. Definitions. In this Article:

11 "Benefit Change Cost" means, with respect to pension  
12 benefit changes, the annual amount in a State fiscal year  
13 equal to, without duplication, (i) the actuarially determined  
14 incremental normal cost associated with changes in pension  
15 plan benefits for active members and participants for that  
16 State fiscal year plus (ii) the Inactive Benefit Change Cost  
17 for that State fiscal year.

18 "Council" means the State-Funded Retirement Systems  
19 Council created pursuant to Section 1B-10.

20 "Inactive Benefit Change Cost" means, with respect to  
21 pension benefit changes, the annual amount in a State fiscal  
22 year equal to the actuarially determined incremental cost

1 associated with changes in pension plan benefits for inactive  
2 members and participants for that State fiscal year, amortized  
3 over 15 State fiscal years beginning in the fiscal year in  
4 which the benefit changes first apply and using the relevant  
5 retirement systems' assumed rates of investment return as the  
6 discount rate; except that, if the relevant benefit changes  
7 first take effect between State fiscal years 2041 through  
8 2055, the actuarially determined incremental cost shall be  
9 amortized over the period beginning in the fiscal year in  
10 which the benefit changes first apply and ending in State  
11 fiscal year 2055.

12 "State-Funded Retirement Systems" means the following  
13 retirement systems created by the Illinois Pension Code: the  
14 General Assembly Retirement System; the Judges Retirement  
15 System of Illinois; the State Employees' Retirement System of  
16 Illinois; the State Universities Retirement System; and the  
17 Teachers' Retirement System of the State of Illinois.

18 "Trustee" means the Pension Funding Trustee created and  
19 appointed pursuant to Section 1B-15.

20 (40 ILCS 5/1B-10 new)

21 Sec. 1B-10. State-Funded Retirement Systems Council. There  
22 is hereby created the State-Funded Retirement Systems Council.  
23 The purpose of the Council is to appoint and oversee the  
24 Trustee and, in conjunction with the Trustee and the Auditor  
25 General, to monitor and verify State funding to the

1 State-Funded Retirement Systems.

2 The Council shall comprise one representative of each  
3 State-Funded Retirement System appointed by the board of  
4 trustees of that System. The Council may elect a chair and  
5 establish rules of procedure for its meetings and business.

6 The Council is a public body for purposes of the Open  
7 Meetings Act and Freedom of Information Act.

8 The Council is authorized to enter into contracts in its  
9 own name and to retain and employ persons and service  
10 providers to carry out its purposes.

11 (40 ILCS 5/1B-15 new)

12 Sec. 1B-15. Office of Pension Funding TrusteeThere is  
13 hereby created the Office of Pension Funding Trustee. The  
14 Trustee shall be appointed by the Council by an affirmative  
15 vote of at least 3 members of the Council. The Trustee shall be  
16 a financial institution qualified to undertake the  
17 responsibilities assigned to the Trustee by this Act. The  
18 Council shall notify the Governor, the Governor's Office of  
19 Management and Budget, the State Treasurer, the Comptroller,  
20 the Speaker and Minority Leader of the House of  
21 Representatives, the President and Minority Leader of the  
22 Senate, and the Auditor General of the appointment of a  
23 Trustee. The State-Funded Retirement Systems shall share in  
24 the cost of the Trustee's services through an  
25 intergovernmental agreement in the same proportions as Pension

1 Stabilization Fund amounts are apportioned among them pursuant  
2 to subsection (b) of Section 25 of the Budget Stabilization  
3 Act and as otherwise determined by that agreement.

4 The Trustee shall monitor and verify State funding to the  
5 State-Funded Retirement Systems. The Trustee shall have access  
6 to financial information from the State, the State-Funded  
7 Retirement Systems, and actuaries retained to determine and  
8 project pension liabilities. The Trustee shall provide  
9 periodic public reports, at least once per fiscal year and  
10 more often as provided in its services agreement with the  
11 Council.

12 (40 ILCS 5/1B-20 new)

13 Sec. 1B-20. Benefit Change Costs.

14 (a) If, at any time after September 30, 2025, and while the  
15 income tax surcharge imposed by subsection (p) of Section 201  
16 of the Illinois Income Tax Act is in effect, any benefits  
17 provided by Articles 2, 14, 15, 16, and 18 of the Illinois  
18 Pension Code are enhanced, expanded, or increased by an  
19 amendatory Act, the Auditor General shall determine, in  
20 consultation with the Trustee, within 90 days after the  
21 effective date of the relevant amendatory Act, the Benefit  
22 Change Cost of those benefit changes for each fiscal year of  
23 the benefit changes through fiscal year 2055. The Auditor  
24 General, in consultation with the Trustee, shall reexamine and  
25 redetermine the Benefit Change Cost of such benefit changes at

1 least once every 3 years until fiscal year 2055; any such  
2 redetermination shall then replace any earlier determination.

3 (b) The Auditor General shall report the Benefit Change  
4 Cost determined pursuant to subsection (a) of this Section to  
5 the Council, the Trustee, the Governor, the Governor's Office  
6 of Management and Budget, the State Treasurer, the  
7 Comptroller, the Speaker and Minority Leader of the House of  
8 Representatives, and the President and Minority Leader of the  
9 Senate promptly after each such determination is made.

10 (40 ILCS 5/1B-25 new)

11 Sec. 1B-25. Auditor General certification. Within 90 days  
12 after the end of State fiscal year 2025 and each subsequent  
13 State fiscal year through and including State fiscal year  
14 2035, the Auditor General shall ascertain whether for that  
15 fiscal year, and if true shall so certify, that the following  
16 are true:

17 (1) The contributions required by Sections 2-124,  
18 14-131, 15-155, 16-158, and 18-131 of the Illinois Pension  
19 Code have been made to the retirement systems designated  
20 in those Sections in at least the minimum amounts required  
21 by those Sections.

22 (2) The Comptroller has made all required transfers,  
23 in the required amounts, to the Budget Stabilization Fund  
24 and Pension Stabilization Fund pursuant to the Budget  
25 Stabilization Act.

1           (3) The amounts required to be paid by Section 25 of  
2           the Budget Stabilization Act to the designated retirement  
3           systems have been paid to the designated retirement  
4           systems in the amounts required by Section 25 of the  
5           Budget Stabilization Act.

6           (4) Amounts within the Budget Stabilization Fund are  
7           used only for purposes expressly permitted by Section  
8           6z-51 of the State Finance Act.

9           (5) Sufficient funds have been set aside by law and  
10           continually appropriated or transferred to the  
11           State-Funded Retirement Systems, without the use of any  
12           revenue from the income tax surcharge imposed by  
13           subsection (p) of Section 201 of the Illinois Income Tax  
14           Act, to fully pay for the Benefit Change Cost of benefit  
15           changes described in subsection (a) of Section 1B-20 as  
16           determined by the Auditor General pursuant to subsection  
17           (b) of Section 1B-20 without diminishing the actuarially  
18           expected funding of the State-Funded Retirement Systems.

19           The Auditor General shall provide a copy of the  
20           certification to each of the Council, the Trustee, the  
21           Governor, the Governor's Office of Management and Budget, the  
22           Director of Revenue, the State Treasurer, the Comptroller, the  
23           Speaker and Minority Leader of the House of Representatives,  
24           the President and Minority Leader of the Senate no later than  
25           90 days after the end of the relevant fiscal year. If the  
26           Auditor General does not or is unable to make any of the

1 certifications specified in paragraphs (1) through (5), the  
2 Auditor General shall provide a written explanation, a copy of  
3 which shall be given to each of the foregoing officials, as to  
4 why the certificate was not or could not be made. A copy of  
5 such certification and any written explanation shall be  
6 publicly available and posted to the Auditor General's website  
7 concurrently with delivery to those officials.

8 (40 ILCS 5/1B-30 new)

9 Sec. 1B-30. Pledge. The State of Illinois pledges to and  
10 agrees with the Council, each State-Funded Retirement System,  
11 and the Trustee that the State will not (i) limit or alter the  
12 rights and powers vested in the Council, the State-Funded  
13 Retirement Systems, the Trustee, or the Auditor General under  
14 this amendatory Act of the 104th General Assembly; (ii) alter  
15 the method of calculating the minimum required contribution by  
16 the State to any State-Funded Retirement System in such a  
17 manner as results in a diminution in the contribution amount  
18 to a State-Funded Retirement System before the total assets of  
19 that System are equal to 100% of the total actuarial  
20 liabilities of that System; (iii) use the proceeds of the  
21 income tax surcharge imposed on individuals, trusts and  
22 estates by paragraph (1) of subsection (p) of Section 201 of  
23 the Illinois Income Tax Act for anything other than transfers  
24 to the Pension Stabilization Fund and subsequent payments to  
25 the State-Funded Retirement Systems; or (iv) use the proceeds

1 of the income tax surcharge imposed on corporations by  
2 paragraph (2) of subsection (p) of Section 201 of the Illinois  
3 Income Tax Act for anything other than the purposes permitted  
4 by the Budget Stabilization Act.

5 (40 ILCS 5/1B-35 new)

6 Sec. 1B-35. Enforcement; waiver of sovereign immunity. The  
7 Trustee is authorized to bring an action on behalf of itself  
8 and the State-Funded Retirement Systems to enforce this  
9 Article. The State of Illinois waives sovereign immunity for  
10 the purposes of this Article. Jurisdiction for such an action  
11 shall be exclusively in the courts of the State of Illinois,  
12 and venue shall be in Sangamon County.

13 Section 10. The Budget Stabilization Act is amended by  
14 changing Section 20 as follows:

15 (30 ILCS 122/20)

16 (Text of Section WITHOUT the changes made by P.A. 98-599,  
17 which has been held unconstitutional)

18 Sec. 20. Pension Stabilization Fund.

19 (a) The Pension Stabilization Fund is hereby created as a  
20 special fund in the State treasury. Moneys in the fund shall be  
21 used for the sole purpose of making payments to the designated  
22 retirement systems as provided in Section 25.

23 (b) For each fiscal year when the General Assembly's

1 appropriations and transfers or diversions as required by law  
2 from general funds do not exceed 99% of the estimated general  
3 funds revenues pursuant to subsection (a) of Section 10, the  
4 Comptroller shall transfer from the General Revenue Fund as  
5 provided by this Section a total amount equal to 0.5% of the  
6 estimated general funds revenues to the Pension Stabilization  
7 Fund.

8 (c) For each fiscal year when the General Assembly's  
9 appropriations and transfers or diversions as required by law  
10 from general funds do not exceed 98% of the estimated general  
11 funds revenues pursuant to subsection (b) of Section 10, the  
12 Comptroller shall transfer from the General Revenue Fund as  
13 provided by this Section a total amount equal to 1.0% of the  
14 estimated general funds revenues to the Pension Stabilization  
15 Fund.

16 (c-5) The Comptroller shall transfer from the General  
17 Revenue Fund as provided by this Section a total amount equal  
18 to all proceeds of the income tax surcharge imposed on  
19 individuals, trusts and estates by paragraph (1) of subsection  
20 (p) of Section 201 of the Illinois Income Tax Act to the  
21 Pension Stabilization Fund. The amounts transferred pursuant  
22 to this subsection (c-5) shall not be included in any  
23 calculation under subsection (b) or (c) of this Section. The  
24 amounts transferred pursuant to this subsection (c-5) are in  
25 addition to any transfers pursuant to subsection (b) or (c) of  
26 this Section.

1 (d) The Comptroller shall transfer 1/12 of the total  
2 amount to be transferred each fiscal year under this Section  
3 into the Pension Stabilization Fund on the first day of each  
4 month of that fiscal year or as soon thereafter as possible;  
5 except that the final transfer of the fiscal year shall be made  
6 as soon as practical after the August 31 following the end of  
7 the fiscal year.

8 Before the final transfer for a fiscal year is made, the  
9 Comptroller shall reconcile the estimated general funds  
10 revenues used in calculating the other transfers under this  
11 Section for that fiscal year with the actual general funds  
12 revenues for that fiscal year. The final transfer for the  
13 fiscal year shall be adjusted so that the total amount  
14 transferred under this Section for that fiscal year is equal  
15 to the percentage specified in subsection (b) or (c) of this  
16 Section, whichever is applicable, of the actual general funds  
17 revenues for that fiscal year. The actual general funds  
18 revenues for the fiscal year shall be calculated in a manner  
19 consistent with subsection (c) of Section 10 of this Act.

20 (Source: P.A. 94-839, eff. 6-6-06.)

21 Section 15. The General Obligation Bond Act is amended by  
22 adding Section 22 as follows:

23 (30 ILCS 330/22 new)

24 Sec. 22. Pledge. The State of Illinois acknowledges and

1 agrees that holders of general obligation Bonds will rely on  
2 the reforms enacted by this amendatory Act of the 104th  
3 General Assembly in assessing the credit of the State, which  
4 impacts the value of and interest rate on the State's general  
5 obligation Bonds. The State of Illinois pledges to and agrees  
6 with all holders of general obligation Bonds, from after the  
7 date of this amendatory Act of the 104th General Assembly,  
8 that the State will not (i) limit or alter the rights and  
9 powers vested in the Council, the State-Funded Retirement  
10 Systems, the Trustee, or the Auditor General under, and as  
11 defined in, Article 1B of the Illinois Pension Code; (ii)  
12 alter the method of calculating the minimum required  
13 contribution by the State to any State-Funded Retirement  
14 System in such a manner as results in a diminution in the  
15 contribution amount to a State-Funded Retirement System before  
16 the total assets of that System are equal to 100% of the total  
17 actuarial liabilities of that System; (iii) use the proceeds  
18 of the income tax surcharge imposed on individuals, trusts and  
19 estates by paragraph (1) of subsection (p) of Section 201 of  
20 the Illinois Income Tax Act for anything other than transfers  
21 to the Pension Stabilization Fund and subsequent payments to  
22 the State-Funded Retirement Systems; or (iv) use the proceeds  
23 of the income tax surcharge imposed on corporations by  
24 paragraph (2) of subsection (p) of Section 201 of the Illinois  
25 Income Tax Act for anything other than the purposes permitted  
26 by the Budget Stabilization Act.

1           Section 20. The Illinois Income Tax Act is amended by  
2 changing Section 201 as follows:

3           (35 ILCS 5/201)

4           Sec. 201. Tax imposed.

5           (a) In general. A tax measured by net income is hereby  
6 imposed on every individual, corporation, trust and estate for  
7 each taxable year ending after July 31, 1969 on the privilege  
8 of earning or receiving income in or as a resident of this  
9 State. Such tax shall be in addition to all other occupation or  
10 privilege taxes imposed by this State or by any municipal  
11 corporation or political subdivision thereof.

12           (b) Rates. The tax imposed by subsection (a) of this  
13 Section shall be determined as follows, except as adjusted by  
14 subsection (d-1):

15           (1) In the case of an individual, trust or estate, for  
16 taxable years ending prior to July 1, 1989, an amount  
17 equal to 2 1/2% of the taxpayer's net income for the  
18 taxable year.

19           (2) In the case of an individual, trust or estate, for  
20 taxable years beginning prior to July 1, 1989 and ending  
21 after June 30, 1989, an amount equal to the sum of (i) 2  
22 1/2% of the taxpayer's net income for the period prior to  
23 July 1, 1989, as calculated under Section 202.3, and (ii)  
24 3% of the taxpayer's net income for the period after June

1           30, 1989, as calculated under Section 202.3.

2           (3) In the case of an individual, trust or estate, for  
3 taxable years beginning after June 30, 1989, and ending  
4 prior to January 1, 2011, an amount equal to 3% of the  
5 taxpayer's net income for the taxable year.

6           (4) In the case of an individual, trust, or estate,  
7 for taxable years beginning prior to January 1, 2011, and  
8 ending after December 31, 2010, an amount equal to the sum  
9 of (i) 3% of the taxpayer's net income for the period prior  
10 to January 1, 2011, as calculated under Section 202.5, and  
11 (ii) 5% of the taxpayer's net income for the period after  
12 December 31, 2010, as calculated under Section 202.5.

13           (5) In the case of an individual, trust, or estate,  
14 for taxable years beginning on or after January 1, 2011,  
15 and ending prior to January 1, 2015, an amount equal to 5%  
16 of the taxpayer's net income for the taxable year.

17           (5.1) In the case of an individual, trust, or estate,  
18 for taxable years beginning prior to January 1, 2015, and  
19 ending after December 31, 2014, an amount equal to the sum  
20 of (i) 5% of the taxpayer's net income for the period prior  
21 to January 1, 2015, as calculated under Section 202.5, and  
22 (ii) 3.75% of the taxpayer's net income for the period  
23 after December 31, 2014, as calculated under Section  
24 202.5.

25           (5.2) In the case of an individual, trust, or estate,  
26 for taxable years beginning on or after January 1, 2015,

1 and ending prior to July 1, 2017, an amount equal to 3.75%  
2 of the taxpayer's net income for the taxable year.

3 (5.3) In the case of an individual, trust, or estate,  
4 for taxable years beginning prior to July 1, 2017, and  
5 ending after June 30, 2017, an amount equal to the sum of  
6 (i) 3.75% of the taxpayer's net income for the period  
7 prior to July 1, 2017, as calculated under Section 202.5,  
8 and (ii) 4.95% of the taxpayer's net income for the period  
9 after June 30, 2017, as calculated under Section 202.5.

10 (5.4) In the case of an individual, trust, or estate,  
11 for taxable years beginning on or after July 1, 2017, an  
12 amount equal to 4.95% of the taxpayer's net income for the  
13 taxable year.

14 (6) In the case of a corporation, for taxable years  
15 ending prior to July 1, 1989, an amount equal to 4% of the  
16 taxpayer's net income for the taxable year.

17 (7) In the case of a corporation, for taxable years  
18 beginning prior to July 1, 1989 and ending after June 30,  
19 1989, an amount equal to the sum of (i) 4% of the  
20 taxpayer's net income for the period prior to July 1,  
21 1989, as calculated under Section 202.3, and (ii) 4.8% of  
22 the taxpayer's net income for the period after June 30,  
23 1989, as calculated under Section 202.3.

24 (8) In the case of a corporation, for taxable years  
25 beginning after June 30, 1989, and ending prior to January  
26 1, 2011, an amount equal to 4.8% of the taxpayer's net

1 income for the taxable year.

2 (9) In the case of a corporation, for taxable years  
3 beginning prior to January 1, 2011, and ending after  
4 December 31, 2010, an amount equal to the sum of (i) 4.8%  
5 of the taxpayer's net income for the period prior to  
6 January 1, 2011, as calculated under Section 202.5, and  
7 (ii) 7% of the taxpayer's net income for the period after  
8 December 31, 2010, as calculated under Section 202.5.

9 (10) In the case of a corporation, for taxable years  
10 beginning on or after January 1, 2011, and ending prior to  
11 January 1, 2015, an amount equal to 7% of the taxpayer's  
12 net income for the taxable year.

13 (11) In the case of a corporation, for taxable years  
14 beginning prior to January 1, 2015, and ending after  
15 December 31, 2014, an amount equal to the sum of (i) 7% of  
16 the taxpayer's net income for the period prior to January  
17 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
18 of the taxpayer's net income for the period after December  
19 31, 2014, as calculated under Section 202.5.

20 (12) In the case of a corporation, for taxable years  
21 beginning on or after January 1, 2015, and ending prior to  
22 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
23 net income for the taxable year.

24 (13) In the case of a corporation, for taxable years  
25 beginning prior to July 1, 2017, and ending after June 30,  
26 2017, an amount equal to the sum of (i) 5.25% of the

1 taxpayer's net income for the period prior to July 1,  
2 2017, as calculated under Section 202.5, and (ii) 7% of  
3 the taxpayer's net income for the period after June 30,  
4 2017, as calculated under Section 202.5.

5 (14) In the case of a corporation, for taxable years  
6 beginning on or after July 1, 2017, an amount equal to 7%  
7 of the taxpayer's net income for the taxable year.

8 The rates under this subsection (b) are subject to the  
9 provisions of Section 201.5.

10 (b-5) Surcharge; sale or exchange of assets, properties,  
11 and intangibles of organization gaming licensees. For each of  
12 taxable years 2019 through 2027, a surcharge is imposed on all  
13 taxpayers on income arising from the sale or exchange of  
14 capital assets, depreciable business property, real property  
15 used in the trade or business, and Section 197 intangibles (i)  
16 of an organization licensee under the Illinois Horse Racing  
17 Act of 1975 and (ii) of an organization gaming licensee under  
18 the Illinois Gambling Act. The amount of the surcharge is  
19 equal to the amount of federal income tax liability for the  
20 taxable year attributable to those sales and exchanges. The  
21 surcharge imposed shall not apply if:

22 (1) the organization gaming license, organization  
23 license, or racetrack property is transferred as a result  
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt  
26 adjustment initiated by or against the initial

1 licensee or the substantial owners of the initial  
2 licensee;

3 (B) cancellation, revocation, or termination of  
4 any such license by the Illinois Gaming Board or the  
5 Illinois Racing Board;

6 (C) a determination by the Illinois Gaming Board  
7 that transfer of the license is in the best interests  
8 of Illinois gaming;

9 (D) the death of an owner of the equity interest in  
10 a licensee;

11 (E) the acquisition of a controlling interest in  
12 the stock or substantially all of the assets of a  
13 publicly traded company;

14 (F) a transfer by a parent company to a wholly  
15 owned subsidiary; or

16 (G) the transfer or sale to or by one person to  
17 another person where both persons were initial owners  
18 of the license when the license was issued; or

19 (2) the controlling interest in the organization  
20 gaming license, organization license, or racetrack  
21 property is transferred in a transaction to lineal  
22 descendants in which no gain or loss is recognized or as a  
23 result of a transaction in accordance with Section 351 of  
24 the Internal Revenue Code in which no gain or loss is  
25 recognized; or

26 (3) live horse racing was not conducted in 2010 at a

1 racetrack located within 3 miles of the Mississippi River  
2 under a license issued pursuant to the Illinois Horse  
3 Racing Act of 1975.

4 The transfer of an organization gaming license,  
5 organization license, or racetrack property by a person other  
6 than the initial licensee to receive the organization gaming  
7 license is not subject to a surcharge. The Department shall  
8 adopt rules necessary to implement and administer this  
9 subsection.

10 (c) Personal Property Tax Replacement Income Tax.  
11 Beginning on July 1, 1979 and thereafter, in addition to such  
12 income tax, there is also hereby imposed the Personal Property  
13 Tax Replacement Income Tax measured by net income on every  
14 corporation (including Subchapter S corporations), partnership  
15 and trust, for each taxable year ending after June 30, 1979.  
16 Such taxes are imposed on the privilege of earning or  
17 receiving income in or as a resident of this State. The  
18 Personal Property Tax Replacement Income Tax shall be in  
19 addition to the income tax imposed by subsections (a) and (b)  
20 of this Section and in addition to all other occupation or  
21 privilege taxes imposed by this State or by any municipal  
22 corporation or political subdivision thereof.

23 (d) Additional Personal Property Tax Replacement Income  
24 Tax Rates. The personal property tax replacement income tax  
25 imposed by this subsection and subsection (c) of this Section  
26 in the case of a corporation, other than a Subchapter S

1 corporation and except as adjusted by subsection (d-1), shall  
2 be an additional amount equal to 2.85% of such taxpayer's net  
3 income for the taxable year, except that beginning on January  
4 1, 1981, and thereafter, the rate of 2.85% specified in this  
5 subsection shall be reduced to 2.5%, and in the case of a  
6 partnership, trust or a Subchapter S corporation shall be an  
7 additional amount equal to 1.5% of such taxpayer's net income  
8 for the taxable year.

9 (d-1) Rate reduction for certain foreign insurers. In the  
10 case of a foreign insurer, as defined by Section 35A-5 of the  
11 Illinois Insurance Code, whose state or country of domicile  
12 imposes on insurers domiciled in Illinois a retaliatory tax  
13 (excluding any insurer whose premiums from reinsurance assumed  
14 are 50% or more of its total insurance premiums as determined  
15 under paragraph (2) of subsection (b) of Section 304, except  
16 that for purposes of this determination premiums from  
17 reinsurance do not include premiums from inter-affiliate  
18 reinsurance arrangements), beginning with taxable years ending  
19 on or after December 31, 1999, the sum of the rates of tax  
20 imposed by subsections (b) and (d) shall be reduced (but not  
21 increased) to the rate at which the total amount of tax imposed  
22 under this Act, net of all credits allowed under this Act,  
23 shall equal (i) the total amount of tax that would be imposed  
24 on the foreign insurer's net income allocable to Illinois for  
25 the taxable year by such foreign insurer's state or country of  
26 domicile if that net income were subject to all income taxes

1 and taxes measured by net income imposed by such foreign  
2 insurer's state or country of domicile, net of all credits  
3 allowed or (ii) a rate of zero if no such tax is imposed on  
4 such income by the foreign insurer's state of domicile. For  
5 the purposes of this subsection (d-1), an inter-affiliate  
6 includes a mutual insurer under common management.

7 (1) For the purposes of subsection (d-1), in no event  
8 shall the sum of the rates of tax imposed by subsections  
9 (b) and (d) be reduced below the rate at which the sum of:

10 (A) the total amount of tax imposed on such  
11 foreign insurer under this Act for a taxable year, net  
12 of all credits allowed under this Act, plus

13 (B) the privilege tax imposed by Section 409 of  
14 the Illinois Insurance Code, the fire insurance  
15 company tax imposed by Section 12 of the Fire  
16 Investigation Act, and the fire department taxes  
17 imposed under Section 11-10-1 of the Illinois  
18 Municipal Code,

19 equals 1.25% for taxable years ending prior to December  
20 31, 2003, or 1.75% for taxable years ending on or after  
21 December 31, 2003, of the net taxable premiums written for  
22 the taxable year, as described by subsection (1) of  
23 Section 409 of the Illinois Insurance Code. This paragraph  
24 will in no event increase the rates imposed under  
25 subsections (b) and (d).

26 (2) Any reduction in the rates of tax imposed by this

1 subsection shall be applied first against the rates  
2 imposed by subsection (b) and only after the tax imposed  
3 by subsection (a) net of all credits allowed under this  
4 Section other than the credit allowed under subsection (i)  
5 has been reduced to zero, against the rates imposed by  
6 subsection (d).

7 This subsection (d-1) is exempt from the provisions of  
8 Section 250.

9 (e) Investment credit. A taxpayer shall be allowed a  
10 credit against the Personal Property Tax Replacement Income  
11 Tax for investment in qualified property.

12 (1) A taxpayer shall be allowed a credit equal to .5%  
13 of the basis of qualified property placed in service  
14 during the taxable year, provided such property is placed  
15 in service on or after July 1, 1984. There shall be allowed  
16 an additional credit equal to .5% of the basis of  
17 qualified property placed in service during the taxable  
18 year, provided such property is placed in service on or  
19 after July 1, 1986, and the taxpayer's base employment  
20 within Illinois has increased by 1% or more over the  
21 preceding year as determined by the taxpayer's employment  
22 records filed with the Illinois Department of Employment  
23 Security. Taxpayers who are new to Illinois shall be  
24 deemed to have met the 1% growth in base employment for the  
25 first year in which they file employment records with the  
26 Illinois Department of Employment Security. The provisions

1 added to this Section by Public Act 85-1200 (and restored  
2 by Public Act 87-895) shall be construed as declaratory of  
3 existing law and not as a new enactment. If, in any year,  
4 the increase in base employment within Illinois over the  
5 preceding year is less than 1%, the additional credit  
6 shall be limited to that percentage times a fraction, the  
7 numerator of which is .5% and the denominator of which is  
8 1%, but shall not exceed .5%. The investment credit shall  
9 not be allowed to the extent that it would reduce a  
10 taxpayer's liability in any tax year below zero, nor may  
11 any credit for qualified property be allowed for any year  
12 other than the year in which the property was placed in  
13 service in Illinois. For tax years ending on or after  
14 December 31, 1987, and on or before December 31, 1988, the  
15 credit shall be allowed for the tax year in which the  
16 property is placed in service, or, if the amount of the  
17 credit exceeds the tax liability for that year, whether it  
18 exceeds the original liability or the liability as later  
19 amended, such excess may be carried forward and applied to  
20 the tax liability of the 5 taxable years following the  
21 excess credit years if the taxpayer (i) makes investments  
22 which cause the creation of a minimum of 2,000 full-time  
23 equivalent jobs in Illinois, (ii) is located in an  
24 enterprise zone established pursuant to the Illinois  
25 Enterprise Zone Act and (iii) is certified by the  
26 Department of Commerce and Community Affairs (now

1 Department of Commerce and Economic Opportunity) as  
2 complying with the requirements specified in clause (i)  
3 and (ii) by July 1, 1986. The Department of Commerce and  
4 Community Affairs (now Department of Commerce and Economic  
5 Opportunity) shall notify the Department of Revenue of all  
6 such certifications immediately. For tax years ending  
7 after December 31, 1988, the credit shall be allowed for  
8 the tax year in which the property is placed in service,  
9 or, if the amount of the credit exceeds the tax liability  
10 for that year, whether it exceeds the original liability  
11 or the liability as later amended, such excess may be  
12 carried forward and applied to the tax liability of the 5  
13 taxable years following the excess credit years. The  
14 credit shall be applied to the earliest year for which  
15 there is a liability. If there is credit from more than one  
16 tax year that is available to offset a liability, earlier  
17 credit shall be applied first.

18 (2) The term "qualified property" means property  
19 which:

20 (A) is tangible, whether new or used, including  
21 buildings and structural components of buildings and  
22 signs that are real property, but not including land  
23 or improvements to real property that are not a  
24 structural component of a building such as  
25 landscaping, sewer lines, local access roads, fencing,  
26 parking lots, and other appurtenances;

1 (B) is depreciable pursuant to Section 167 of the  
2 Internal Revenue Code, except that "3-year property"  
3 as defined in Section 168(c)(2)(A) of that Code is not  
4 eligible for the credit provided by this subsection  
5 (e);

6 (C) is acquired by purchase as defined in Section  
7 179(d) of the Internal Revenue Code;

8 (D) is used in Illinois by a taxpayer who is  
9 primarily engaged in manufacturing, or in mining coal  
10 or fluorite, or in retailing, or was placed in service  
11 on or after July 1, 2006 in a River Edge Redevelopment  
12 Zone established pursuant to the River Edge  
13 Redevelopment Zone Act; and

14 (E) has not previously been used in Illinois in  
15 such a manner and by such a person as would qualify for  
16 the credit provided by this subsection (e) or  
17 subsection (f).

18 (3) For purposes of this subsection (e),  
19 "manufacturing" means the material staging and production  
20 of tangible personal property by procedures commonly  
21 regarded as manufacturing, processing, fabrication, or  
22 assembling which changes some existing material into new  
23 shapes, new qualities, or new combinations. For purposes  
24 of this subsection (e) the term "mining" shall have the  
25 same meaning as the term "mining" in Section 613(c) of the  
26 Internal Revenue Code. For purposes of this subsection

1 (e), the term "retailing" means the sale of tangible  
2 personal property for use or consumption and not for  
3 resale, or services rendered in conjunction with the sale  
4 of tangible personal property for use or consumption and  
5 not for resale. For purposes of this subsection (e),  
6 "tangible personal property" has the same meaning as when  
7 that term is used in the Retailers' Occupation Tax Act,  
8 and, for taxable years ending after December 31, 2008,  
9 does not include the generation, transmission, or  
10 distribution of electricity.

11 (4) The basis of qualified property shall be the basis  
12 used to compute the depreciation deduction for federal  
13 income tax purposes.

14 (5) If the basis of the property for federal income  
15 tax depreciation purposes is increased after it has been  
16 placed in service in Illinois by the taxpayer, the amount  
17 of such increase shall be deemed property placed in  
18 service on the date of such increase in basis.

19 (6) The term "placed in service" shall have the same  
20 meaning as under Section 46 of the Internal Revenue Code.

21 (7) If during any taxable year, any property ceases to  
22 be qualified property in the hands of the taxpayer within  
23 48 months after being placed in service, or the situs of  
24 any qualified property is moved outside Illinois within 48  
25 months after being placed in service, the Personal  
26 Property Tax Replacement Income Tax for such taxable year

1 shall be increased. Such increase shall be determined by  
2 (i) recomputing the investment credit which would have  
3 been allowed for the year in which credit for such  
4 property was originally allowed by eliminating such  
5 property from such computation and, (ii) subtracting such  
6 recomputed credit from the amount of credit previously  
7 allowed. For the purposes of this paragraph (7), a  
8 reduction of the basis of qualified property resulting  
9 from a redetermination of the purchase price shall be  
10 deemed a disposition of qualified property to the extent  
11 of such reduction.

12 (8) Unless the investment credit is extended by law,  
13 the basis of qualified property shall not include costs  
14 incurred after December 31, 2018, except for costs  
15 incurred pursuant to a binding contract entered into on or  
16 before December 31, 2018.

17 (9) Each taxable year ending before December 31, 2000,  
18 a partnership may elect to pass through to its partners  
19 the credits to which the partnership is entitled under  
20 this subsection (e) for the taxable year. A partner may  
21 use the credit allocated to him or her under this  
22 paragraph only against the tax imposed in subsections (c)  
23 and (d) of this Section. If the partnership makes that  
24 election, those credits shall be allocated among the  
25 partners in the partnership in accordance with the rules  
26 set forth in Section 704(b) of the Internal Revenue Code,

1 and the rules promulgated under that Section, and the  
2 allocated amount of the credits shall be allowed to the  
3 partners for that taxable year. The partnership shall make  
4 this election on its Personal Property Tax Replacement  
5 Income Tax return for that taxable year. The election to  
6 pass through the credits shall be irrevocable.

7 For taxable years ending on or after December 31,  
8 2000, a partner that qualifies its partnership for a  
9 subtraction under subparagraph (I) of paragraph (2) of  
10 subsection (d) of Section 203 or a shareholder that  
11 qualifies a Subchapter S corporation for a subtraction  
12 under subparagraph (S) of paragraph (2) of subsection (b)  
13 of Section 203 shall be allowed a credit under this  
14 subsection (e) equal to its share of the credit earned  
15 under this subsection (e) during the taxable year by the  
16 partnership or Subchapter S corporation, determined in  
17 accordance with the determination of income and  
18 distributive share of income under Sections 702 and 704  
19 and Subchapter S of the Internal Revenue Code. This  
20 paragraph is exempt from the provisions of Section 250.

21 (f) Investment credit; Enterprise Zone; River Edge  
22 Redevelopment Zone.

23 (1) A taxpayer shall be allowed a credit against the  
24 tax imposed by subsections (a) and (b) of this Section for  
25 investment in qualified property which is placed in  
26 service in an Enterprise Zone created pursuant to the

1 Illinois Enterprise Zone Act or, for property placed in  
2 service on or after July 1, 2006, a River Edge  
3 Redevelopment Zone established pursuant to the River Edge  
4 Redevelopment Zone Act. For partners, shareholders of  
5 Subchapter S corporations, and owners of limited liability  
6 companies, if the liability company is treated as a  
7 partnership for purposes of federal and State income  
8 taxation, for taxable years ending before December 31,  
9 2023, there shall be allowed a credit under this  
10 subsection (f) to be determined in accordance with the  
11 determination of income and distributive share of income  
12 under Sections 702 and 704 and Subchapter S of the  
13 Internal Revenue Code. For taxable years ending on or  
14 after December 31, 2023, for partners and shareholders of  
15 Subchapter S corporations, the provisions of Section 251  
16 shall apply with respect to the credit under this  
17 subsection. The credit shall be .5% of the basis for such  
18 property. The credit shall be available only in the  
19 taxable year in which the property is placed in service in  
20 the Enterprise Zone or River Edge Redevelopment Zone and  
21 shall not be allowed to the extent that it would reduce a  
22 taxpayer's liability for the tax imposed by subsections  
23 (a) and (b) of this Section to below zero. For tax years  
24 ending on or after December 31, 1985, the credit shall be  
25 allowed for the tax year in which the property is placed in  
26 service, or, if the amount of the credit exceeds the tax

1 liability for that year, whether it exceeds the original  
2 liability or the liability as later amended, such excess  
3 may be carried forward and applied to the tax liability of  
4 the 5 taxable years following the excess credit year. The  
5 credit shall be applied to the earliest year for which  
6 there is a liability. If there is credit from more than one  
7 tax year that is available to offset a liability, the  
8 credit accruing first in time shall be applied first.

9 (2) The term qualified property means property which:

10 (A) is tangible, whether new or used, including  
11 buildings and structural components of buildings;

12 (B) is depreciable pursuant to Section 167 of the  
13 Internal Revenue Code, except that "3-year property"  
14 as defined in Section 168(c)(2)(A) of that Code is not  
15 eligible for the credit provided by this subsection  
16 (f);

17 (C) is acquired by purchase as defined in Section  
18 179(d) of the Internal Revenue Code;

19 (D) is used in the Enterprise Zone or River Edge  
20 Redevelopment Zone by the taxpayer; and

21 (E) has not been previously used in Illinois in  
22 such a manner and by such a person as would qualify for  
23 the credit provided by this subsection (f) or  
24 subsection (e).

25 (3) The basis of qualified property shall be the basis  
26 used to compute the depreciation deduction for federal

1 income tax purposes.

2 (4) If the basis of the property for federal income  
3 tax depreciation purposes is increased after it has been  
4 placed in service in the Enterprise Zone or River Edge  
5 Redevelopment Zone by the taxpayer, the amount of such  
6 increase shall be deemed property placed in service on the  
7 date of such increase in basis.

8 (5) The term "placed in service" shall have the same  
9 meaning as under Section 46 of the Internal Revenue Code.

10 (6) If during any taxable year, any property ceases to  
11 be qualified property in the hands of the taxpayer within  
12 48 months after being placed in service, or the situs of  
13 any qualified property is moved outside the Enterprise  
14 Zone or River Edge Redevelopment Zone within 48 months  
15 after being placed in service, the tax imposed under  
16 subsections (a) and (b) of this Section for such taxable  
17 year shall be increased. Such increase shall be determined  
18 by (i) recomputing the investment credit which would have  
19 been allowed for the year in which credit for such  
20 property was originally allowed by eliminating such  
21 property from such computation, and (ii) subtracting such  
22 recomputed credit from the amount of credit previously  
23 allowed. For the purposes of this paragraph (6), a  
24 reduction of the basis of qualified property resulting  
25 from a redetermination of the purchase price shall be  
26 deemed a disposition of qualified property to the extent

1 of such reduction.

2 (7) There shall be allowed an additional credit equal  
3 to 0.5% of the basis of qualified property placed in  
4 service during the taxable year in a River Edge  
5 Redevelopment Zone, provided such property is placed in  
6 service on or after July 1, 2006, and the taxpayer's base  
7 employment within Illinois has increased by 1% or more  
8 over the preceding year as determined by the taxpayer's  
9 employment records filed with the Illinois Department of  
10 Employment Security. Taxpayers who are new to Illinois  
11 shall be deemed to have met the 1% growth in base  
12 employment for the first year in which they file  
13 employment records with the Illinois Department of  
14 Employment Security. If, in any year, the increase in base  
15 employment within Illinois over the preceding year is less  
16 than 1%, the additional credit shall be limited to that  
17 percentage times a fraction, the numerator of which is  
18 0.5% and the denominator of which is 1%, but shall not  
19 exceed 0.5%.

20 (8) For taxable years beginning on or after January 1,  
21 2021, there shall be allowed an Enterprise Zone  
22 construction jobs credit against the taxes imposed under  
23 subsections (a) and (b) of this Section as provided in  
24 Section 13 of the Illinois Enterprise Zone Act.

25 The credit or credits may not reduce the taxpayer's  
26 liability to less than zero. If the amount of the credit or

1 credits exceeds the taxpayer's liability, the excess may  
2 be carried forward and applied against the taxpayer's  
3 liability in succeeding calendar years in the same manner  
4 provided under paragraph (4) of Section 211 of this Act.  
5 The credit or credits shall be applied to the earliest  
6 year for which there is a tax liability. If there are  
7 credits from more than one taxable year that are available  
8 to offset a liability, the earlier credit shall be applied  
9 first.

10 For partners, shareholders of Subchapter S  
11 corporations, and owners of limited liability companies,  
12 if the liability company is treated as a partnership for  
13 the purposes of federal and State income taxation, for  
14 taxable years ending before December 31, 2023, there shall  
15 be allowed a credit under this Section to be determined in  
16 accordance with the determination of income and  
17 distributive share of income under Sections 702 and 704  
18 and Subchapter S of the Internal Revenue Code. For taxable  
19 years ending on or after December 31, 2023, for partners  
20 and shareholders of Subchapter S corporations, the  
21 provisions of Section 251 shall apply with respect to the  
22 credit under this subsection.

23 The total aggregate amount of credits awarded under  
24 the Blue Collar Jobs Act (Article 20 of Public Act 101-9)  
25 shall not exceed \$20,000,000 in any State fiscal year.

26 This paragraph (8) is exempt from the provisions of

1 Section 250.

2 (g) (Blank).

3 (h) Investment credit; High Impact Business.

4 (1) Subject to subsections (b) and (b-5) of Section  
5 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall  
6 be allowed a credit against the tax imposed by subsections  
7 (a) and (b) of this Section for investment in qualified  
8 property which is placed in service by a Department of  
9 Commerce and Economic Opportunity designated High Impact  
10 Business. The credit shall be .5% of the basis for such  
11 property. The credit shall not be available (i) until the  
12 minimum investments in qualified property set forth in  
13 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
14 Enterprise Zone Act have been satisfied or (ii) until the  
15 time authorized in subsection (b-5) of the Illinois  
16 Enterprise Zone Act for entities designated as High Impact  
17 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
18 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
19 Act, and shall not be allowed to the extent that it would  
20 reduce a taxpayer's liability for the tax imposed by  
21 subsections (a) and (b) of this Section to below zero. The  
22 credit applicable to such investments shall be taken in  
23 the taxable year in which such investments have been  
24 completed. The credit for additional investments beyond  
25 the minimum investment by a designated high impact  
26 business authorized under subdivision (a)(3)(A) of Section

1           5.5 of the Illinois Enterprise Zone Act shall be available  
2           only in the taxable year in which the property is placed in  
3           service and shall not be allowed to the extent that it  
4           would reduce a taxpayer's liability for the tax imposed by  
5           subsections (a) and (b) of this Section to below zero. For  
6           tax years ending on or after December 31, 1987, the credit  
7           shall be allowed for the tax year in which the property is  
8           placed in service, or, if the amount of the credit exceeds  
9           the tax liability for that year, whether it exceeds the  
10          original liability or the liability as later amended, such  
11          excess may be carried forward and applied to the tax  
12          liability of the 5 taxable years following the excess  
13          credit year. The credit shall be applied to the earliest  
14          year for which there is a liability. If there is credit  
15          from more than one tax year that is available to offset a  
16          liability, the credit accruing first in time shall be  
17          applied first.

18                 Changes made in this subdivision (h) (1) by Public Act  
19                 88-670 restore changes made by Public Act 85-1182 and  
20                 reflect existing law.

21                 (2) The term qualified property means property which:

22                         (A) is tangible, whether new or used, including  
23                         buildings and structural components of buildings;

24                         (B) is depreciable pursuant to Section 167 of the  
25                         Internal Revenue Code, except that "3-year property"  
26                         as defined in Section 168(c) (2) (A) of that Code is not

1 eligible for the credit provided by this subsection  
2 (h);

3 (C) is acquired by purchase as defined in Section  
4 179(d) of the Internal Revenue Code; and

5 (D) is not eligible for the Enterprise Zone  
6 Investment Credit provided by subsection (f) of this  
7 Section.

8 (3) The basis of qualified property shall be the basis  
9 used to compute the depreciation deduction for federal  
10 income tax purposes.

11 (4) If the basis of the property for federal income  
12 tax depreciation purposes is increased after it has been  
13 placed in service in a federally designated Foreign Trade  
14 Zone or Sub-Zone located in Illinois by the taxpayer, the  
15 amount of such increase shall be deemed property placed in  
16 service on the date of such increase in basis.

17 (5) The term "placed in service" shall have the same  
18 meaning as under Section 46 of the Internal Revenue Code.

19 (6) If during any taxable year ending on or before  
20 December 31, 1996, any property ceases to be qualified  
21 property in the hands of the taxpayer within 48 months  
22 after being placed in service, or the situs of any  
23 qualified property is moved outside Illinois within 48  
24 months after being placed in service, the tax imposed  
25 under subsections (a) and (b) of this Section for such  
26 taxable year shall be increased. Such increase shall be

1           determined by (i) recomputing the investment credit which  
2           would have been allowed for the year in which credit for  
3           such property was originally allowed by eliminating such  
4           property from such computation, and (ii) subtracting such  
5           recomputed credit from the amount of credit previously  
6           allowed. For the purposes of this paragraph (6), a  
7           reduction of the basis of qualified property resulting  
8           from a redetermination of the purchase price shall be  
9           deemed a disposition of qualified property to the extent  
10          of such reduction.

11           (7) Beginning with tax years ending after December 31,  
12          1996, if a taxpayer qualifies for the credit under this  
13          subsection (h) and thereby is granted a tax abatement and  
14          the taxpayer relocates its entire facility in violation of  
15          the explicit terms and length of the contract under  
16          Section 18-183 of the Property Tax Code, the tax imposed  
17          under subsections (a) and (b) of this Section shall be  
18          increased for the taxable year in which the taxpayer  
19          relocated its facility by an amount equal to the amount of  
20          credit received by the taxpayer under this subsection (h).

21           (h-5) High Impact Business construction jobs credit. For  
22          taxable years beginning on or after January 1, 2021, there  
23          shall also be allowed a High Impact Business construction jobs  
24          credit against the tax imposed under subsections (a) and (b)  
25          of this Section as provided in subsections (i) and (j) of  
26          Section 5.5 of the Illinois Enterprise Zone Act.

1           The credit or credits may not reduce the taxpayer's  
2 liability to less than zero. If the amount of the credit or  
3 credits exceeds the taxpayer's liability, the excess may be  
4 carried forward and applied against the taxpayer's liability  
5 in succeeding calendar years in the manner provided under  
6 paragraph (4) of Section 211 of this Act. The credit or credits  
7 shall be applied to the earliest year for which there is a tax  
8 liability. If there are credits from more than one taxable  
9 year that are available to offset a liability, the earlier  
10 credit shall be applied first.

11           For partners, shareholders of Subchapter S corporations,  
12 and owners of limited liability companies, for taxable years  
13 ending before December 31, 2023, if the liability company is  
14 treated as a partnership for the purposes of federal and State  
15 income taxation, there shall be allowed a credit under this  
16 Section to be determined in accordance with the determination  
17 of income and distributive share of income under Sections 702  
18 and 704 and Subchapter S of the Internal Revenue Code. For  
19 taxable years ending on or after December 31, 2023, for  
20 partners and shareholders of Subchapter S corporations, the  
21 provisions of Section 251 shall apply with respect to the  
22 credit under this subsection.

23           The total aggregate amount of credits awarded under the  
24 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not  
25 exceed \$20,000,000 in any State fiscal year.

26           This subsection (h-5) is exempt from the provisions of

1 Section 250.

2 (i) Credit for Personal Property Tax Replacement Income  
3 Tax. For tax years ending prior to December 31, 2003, a credit  
4 shall be allowed against the tax imposed by subsections (a)  
5 and (b) of this Section for the tax imposed by subsections (c)  
6 and (d) of this Section. This credit shall be computed by  
7 multiplying the tax imposed by subsections (c) and (d) of this  
8 Section by a fraction, the numerator of which is base income  
9 allocable to Illinois and the denominator of which is Illinois  
10 base income, and further multiplying the product by the tax  
11 rate imposed by subsections (a) and (b) of this Section.

12 Any credit earned on or after December 31, 1986 under this  
13 subsection which is unused in the year the credit is computed  
14 because it exceeds the tax liability imposed by subsections  
15 (a) and (b) for that year (whether it exceeds the original  
16 liability or the liability as later amended) may be carried  
17 forward and applied to the tax liability imposed by  
18 subsections (a) and (b) of the 5 taxable years following the  
19 excess credit year, provided that no credit may be carried  
20 forward to any year ending on or after December 31, 2003. This  
21 credit shall be applied first to the earliest year for which  
22 there is a liability. If there is a credit under this  
23 subsection from more than one tax year that is available to  
24 offset a liability the earliest credit arising under this  
25 subsection shall be applied first.

26 If, during any taxable year ending on or after December

1 31, 1986, the tax imposed by subsections (c) and (d) of this  
2 Section for which a taxpayer has claimed a credit under this  
3 subsection (i) is reduced, the amount of credit for such tax  
4 shall also be reduced. Such reduction shall be determined by  
5 recomputing the credit to take into account the reduced tax  
6 imposed by subsections (c) and (d). If any portion of the  
7 reduced amount of credit has been carried to a different  
8 taxable year, an amended return shall be filed for such  
9 taxable year to reduce the amount of credit claimed.

10 (j) Training expense credit. Beginning with tax years  
11 ending on or after December 31, 1986 and prior to December 31,  
12 2003, a taxpayer shall be allowed a credit against the tax  
13 imposed by subsections (a) and (b) under this Section for all  
14 amounts paid or accrued, on behalf of all persons employed by  
15 the taxpayer in Illinois or Illinois residents employed  
16 outside of Illinois by a taxpayer, for educational or  
17 vocational training in semi-technical or technical fields or  
18 semi-skilled or skilled fields, which were deducted from gross  
19 income in the computation of taxable income. The credit  
20 against the tax imposed by subsections (a) and (b) shall be  
21 1.6% of such training expenses. For partners, shareholders of  
22 subchapter S corporations, and owners of limited liability  
23 companies, if the liability company is treated as a  
24 partnership for purposes of federal and State income taxation,  
25 for taxable years ending before December 31, 2023, there shall  
26 be allowed a credit under this subsection (j) to be determined

1 in accordance with the determination of income and  
2 distributive share of income under Sections 702 and 704 and  
3 subchapter S of the Internal Revenue Code. For taxable years  
4 ending on or after December 31, 2023, for partners and  
5 shareholders of Subchapter S corporations, the provisions of  
6 Section 251 shall apply with respect to the credit under this  
7 subsection.

8 Any credit allowed under this subsection which is unused  
9 in the year the credit is earned may be carried forward to each  
10 of the 5 taxable years following the year for which the credit  
11 is first computed until it is used. This credit shall be  
12 applied first to the earliest year for which there is a  
13 liability. If there is a credit under this subsection from  
14 more than one tax year that is available to offset a liability,  
15 the earliest credit arising under this subsection shall be  
16 applied first. No carryforward credit may be claimed in any  
17 tax year ending on or after December 31, 2003.

18 (k) Research and development credit. For tax years ending  
19 after July 1, 1990 and prior to December 31, 2003, and  
20 beginning again for tax years ending on or after December 31,  
21 2004, and ending prior to January 1, 2032, a taxpayer shall be  
22 allowed a credit against the tax imposed by subsections (a)  
23 and (b) of this Section for increasing research activities in  
24 this State. The credit allowed against the tax imposed by  
25 subsections (a) and (b) shall be equal to 6 1/2% of the  
26 qualifying expenditures for increasing research activities in

1 this State. For partners, shareholders of subchapter S  
2 corporations, and owners of limited liability companies, if  
3 the liability company is treated as a partnership for purposes  
4 of federal and State income taxation, for taxable years ending  
5 before December 31, 2023, there shall be allowed a credit  
6 under this subsection to be determined in accordance with the  
7 determination of income and distributive share of income under  
8 Sections 702 and 704 and subchapter S of the Internal Revenue  
9 Code. For taxable years ending on or after December 31, 2023,  
10 for partners and shareholders of Subchapter S corporations,  
11 the provisions of Section 251 shall apply with respect to the  
12 credit under this subsection.

13 For purposes of this subsection, "qualifying expenditures"  
14 means the qualifying expenditures as defined for the federal  
15 credit for increasing research activities which would be  
16 allowable under Section 41 of the Internal Revenue Code and  
17 which are conducted in this State, "qualifying expenditures  
18 for increasing research activities in this State" means the  
19 excess of qualifying expenditures for the taxable year in  
20 which incurred over qualifying expenditures for the base  
21 period, "qualifying expenditures for the base period" means  
22 the average of the qualifying expenditures for each year in  
23 the base period, and "base period" means the 3 taxable years  
24 immediately preceding the taxable year for which the  
25 determination is being made.

26 Any credit in excess of the tax liability for the taxable

1 year may be carried forward. A taxpayer may elect to have the  
2 unused credit shown on its final completed return carried over  
3 as a credit against the tax liability for the following 5  
4 taxable years or until it has been fully used, whichever  
5 occurs first; provided that no credit earned in a tax year  
6 ending prior to December 31, 2003 may be carried forward to any  
7 year ending on or after December 31, 2003.

8 If an unused credit is carried forward to a given year from  
9 2 or more earlier years, that credit arising in the earliest  
10 year will be applied first against the tax liability for the  
11 given year. If a tax liability for the given year still  
12 remains, the credit from the next earliest year will then be  
13 applied, and so on, until all credits have been used or no tax  
14 liability for the given year remains. Any remaining unused  
15 credit or credits then will be carried forward to the next  
16 following year in which a tax liability is incurred, except  
17 that no credit can be carried forward to a year which is more  
18 than 5 years after the year in which the expense for which the  
19 credit is given was incurred.

20 No inference shall be drawn from Public Act 91-644 in  
21 construing this Section for taxable years beginning before  
22 January 1, 1999.

23 It is the intent of the General Assembly that the research  
24 and development credit under this subsection (k) shall apply  
25 continuously for all tax years ending on or after December 31,  
26 2004 and ending prior to January 1, 2032, including, but not

1 limited to, the period beginning on January 1, 2016 and ending  
2 on July 6, 2017 (the effective date of Public Act 100-22). All  
3 actions taken in reliance on the continuation of the credit  
4 under this subsection (k) by any taxpayer are hereby  
5 validated.

6 (l) Environmental Remediation Tax Credit.

7 (i) For tax years ending after December 31, 1997 and  
8 on or before December 31, 2001, a taxpayer shall be  
9 allowed a credit against the tax imposed by subsections  
10 (a) and (b) of this Section for certain amounts paid for  
11 unreimbursed eligible remediation costs, as specified in  
12 this subsection. For purposes of this Section,  
13 "unreimbursed eligible remediation costs" means costs  
14 approved by the Illinois Environmental Protection Agency  
15 ("Agency") under Section 58.14 of the Environmental  
16 Protection Act that were paid in performing environmental  
17 remediation at a site for which a No Further Remediation  
18 Letter was issued by the Agency and recorded under Section  
19 58.10 of the Environmental Protection Act. The credit must  
20 be claimed for the taxable year in which Agency approval  
21 of the eligible remediation costs is granted. The credit  
22 is not available to any taxpayer if the taxpayer or any  
23 related party caused or contributed to, in any material  
24 respect, a release of regulated substances on, in, or  
25 under the site that was identified and addressed by the  
26 remedial action pursuant to the Site Remediation Program

1 of the Environmental Protection Act. After the Pollution  
2 Control Board rules are adopted pursuant to the Illinois  
3 Administrative Procedure Act for the administration and  
4 enforcement of Section 58.9 of the Environmental  
5 Protection Act, determinations as to credit availability  
6 for purposes of this Section shall be made consistent with  
7 those rules. For purposes of this Section, "taxpayer"  
8 includes a person whose tax attributes the taxpayer has  
9 succeeded to under Section 381 of the Internal Revenue  
10 Code and "related party" includes the persons disallowed a  
11 deduction for losses by paragraphs (b), (c), and (f)(1) of  
12 Section 267 of the Internal Revenue Code by virtue of  
13 being a related taxpayer, as well as any of its partners.  
14 The credit allowed against the tax imposed by subsections  
15 (a) and (b) shall be equal to 25% of the unreimbursed  
16 eligible remediation costs in excess of \$100,000 per site,  
17 except that the \$100,000 threshold shall not apply to any  
18 site contained in an enterprise zone as determined by the  
19 Department of Commerce and Community Affairs (now  
20 Department of Commerce and Economic Opportunity). The  
21 total credit allowed shall not exceed \$40,000 per year  
22 with a maximum total of \$150,000 per site. For partners  
23 and shareholders of subchapter S corporations, there shall  
24 be allowed a credit under this subsection to be determined  
25 in accordance with the determination of income and  
26 distributive share of income under Sections 702 and 704

1 and subchapter S of the Internal Revenue Code.

2 (ii) A credit allowed under this subsection that is  
3 unused in the year the credit is earned may be carried  
4 forward to each of the 5 taxable years following the year  
5 for which the credit is first earned until it is used. The  
6 term "unused credit" does not include any amounts of  
7 unreimbursed eligible remediation costs in excess of the  
8 maximum credit per site authorized under paragraph (i).  
9 This credit shall be applied first to the earliest year  
10 for which there is a liability. If there is a credit under  
11 this subsection from more than one tax year that is  
12 available to offset a liability, the earliest credit  
13 arising under this subsection shall be applied first. A  
14 credit allowed under this subsection may be sold to a  
15 buyer as part of a sale of all or part of the remediation  
16 site for which the credit was granted. The purchaser of a  
17 remediation site and the tax credit shall succeed to the  
18 unused credit and remaining carry-forward period of the  
19 seller. To perfect the transfer, the assignor shall record  
20 the transfer in the chain of title for the site and provide  
21 written notice to the Director of the Illinois Department  
22 of Revenue of the assignor's intent to sell the  
23 remediation site and the amount of the tax credit to be  
24 transferred as a portion of the sale. In no event may a  
25 credit be transferred to any taxpayer if the taxpayer or a  
26 related party would not be eligible under the provisions

1 of subsection (i).

2 (iii) For purposes of this Section, the term "site"  
3 shall have the same meaning as under Section 58.2 of the  
4 Environmental Protection Act.

5 (m) Education expense credit. Beginning with tax years  
6 ending after December 31, 1999, a taxpayer who is the  
7 custodian of one or more qualifying pupils shall be allowed a  
8 credit against the tax imposed by subsections (a) and (b) of  
9 this Section for qualified education expenses incurred on  
10 behalf of the qualifying pupils. The credit shall be equal to  
11 25% of qualified education expenses, but in no event may the  
12 total credit under this subsection claimed by a family that is  
13 the custodian of qualifying pupils exceed (i) \$500 for tax  
14 years ending prior to December 31, 2017, and (ii) \$750 for tax  
15 years ending on or after December 31, 2017. In no event shall a  
16 credit under this subsection reduce the taxpayer's liability  
17 under this Act to less than zero. Notwithstanding any other  
18 provision of law, for taxable years beginning on or after  
19 January 1, 2017, no taxpayer may claim a credit under this  
20 subsection (m) if the taxpayer's adjusted gross income for the  
21 taxable year exceeds (i) \$500,000, in the case of spouses  
22 filing a joint federal tax return or (ii) \$250,000, in the case  
23 of all other taxpayers. This subsection is exempt from the  
24 provisions of Section 250 of this Act.

25 For purposes of this subsection:

26 "Qualifying pupils" means individuals who (i) are

1 residents of the State of Illinois, (ii) are under the age of  
2 21 at the close of the school year for which a credit is  
3 sought, and (iii) during the school year for which a credit is  
4 sought were full-time pupils enrolled in a kindergarten  
5 through twelfth grade education program at any school, as  
6 defined in this subsection.

7 "Qualified education expense" means the amount incurred on  
8 behalf of a qualifying pupil in excess of \$250 for tuition,  
9 book fees, and lab fees at the school in which the pupil is  
10 enrolled during the regular school year.

11 "School" means any public or nonpublic elementary or  
12 secondary school in Illinois that is in compliance with Title  
13 VI of the Civil Rights Act of 1964 and attendance at which  
14 satisfies the requirements of Section 26-1 of the School Code,  
15 except that nothing shall be construed to require a child to  
16 attend any particular public or nonpublic school to qualify  
17 for the credit under this Section.

18 "Custodian" means, with respect to qualifying pupils, an  
19 Illinois resident who is a parent, the parents, a legal  
20 guardian, or the legal guardians of the qualifying pupils.

21 (n) River Edge Redevelopment Zone site remediation tax  
22 credit.

23 (i) For tax years ending on or after December 31,  
24 2006, a taxpayer shall be allowed a credit against the tax  
25 imposed by subsections (a) and (b) of this Section for  
26 certain amounts paid for unreimbursed eligible remediation

1 costs, as specified in this subsection. For purposes of  
2 this Section, "unreimbursed eligible remediation costs"  
3 means costs approved by the Illinois Environmental  
4 Protection Agency ("Agency") under Section 58.14a of the  
5 Environmental Protection Act that were paid in performing  
6 environmental remediation at a site within a River Edge  
7 Redevelopment Zone for which a No Further Remediation  
8 Letter was issued by the Agency and recorded under Section  
9 58.10 of the Environmental Protection Act. The credit must  
10 be claimed for the taxable year in which Agency approval  
11 of the eligible remediation costs is granted. The credit  
12 is not available to any taxpayer if the taxpayer or any  
13 related party caused or contributed to, in any material  
14 respect, a release of regulated substances on, in, or  
15 under the site that was identified and addressed by the  
16 remedial action pursuant to the Site Remediation Program  
17 of the Environmental Protection Act. Determinations as to  
18 credit availability for purposes of this Section shall be  
19 made consistent with rules adopted by the Pollution  
20 Control Board pursuant to the Illinois Administrative  
21 Procedure Act for the administration and enforcement of  
22 Section 58.9 of the Environmental Protection Act. For  
23 purposes of this Section, "taxpayer" includes a person  
24 whose tax attributes the taxpayer has succeeded to under  
25 Section 381 of the Internal Revenue Code and "related  
26 party" includes the persons disallowed a deduction for

1 losses by paragraphs (b), (c), and (f)(1) of Section 267  
2 of the Internal Revenue Code by virtue of being a related  
3 taxpayer, as well as any of its partners. The credit  
4 allowed against the tax imposed by subsections (a) and (b)  
5 shall be equal to 25% of the unreimbursed eligible  
6 remediation costs in excess of \$100,000 per site.

7 (ii) A credit allowed under this subsection that is  
8 unused in the year the credit is earned may be carried  
9 forward to each of the 5 taxable years following the year  
10 for which the credit is first earned until it is used. This  
11 credit shall be applied first to the earliest year for  
12 which there is a liability. If there is a credit under this  
13 subsection from more than one tax year that is available  
14 to offset a liability, the earliest credit arising under  
15 this subsection shall be applied first. A credit allowed  
16 under this subsection may be sold to a buyer as part of a  
17 sale of all or part of the remediation site for which the  
18 credit was granted. The purchaser of a remediation site  
19 and the tax credit shall succeed to the unused credit and  
20 remaining carry-forward period of the seller. To perfect  
21 the transfer, the assignor shall record the transfer in  
22 the chain of title for the site and provide written notice  
23 to the Director of the Illinois Department of Revenue of  
24 the assignor's intent to sell the remediation site and the  
25 amount of the tax credit to be transferred as a portion of  
26 the sale. In no event may a credit be transferred to any

1 taxpayer if the taxpayer or a related party would not be  
2 eligible under the provisions of subsection (i).

3 (iii) For purposes of this Section, the term "site"  
4 shall have the same meaning as under Section 58.2 of the  
5 Environmental Protection Act.

6 (o) For each of taxable years during the Compassionate Use  
7 of Medical Cannabis Program, a surcharge is imposed on all  
8 taxpayers on income arising from the sale or exchange of  
9 capital assets, depreciable business property, real property  
10 used in the trade or business, and Section 197 intangibles of  
11 an organization registrant under the Compassionate Use of  
12 Medical Cannabis Program Act. The amount of the surcharge is  
13 equal to the amount of federal income tax liability for the  
14 taxable year attributable to those sales and exchanges. The  
15 surcharge imposed does not apply if:

16 (1) the medical cannabis cultivation center  
17 registration, medical cannabis dispensary registration, or  
18 the property of a registration is transferred as a result  
19 of any of the following:

20 (A) bankruptcy, a receivership, or a debt  
21 adjustment initiated by or against the initial  
22 registration or the substantial owners of the initial  
23 registration;

24 (B) cancellation, revocation, or termination of  
25 any registration by the Illinois Department of Public  
26 Health;

1 (C) a determination by the Illinois Department of  
2 Public Health that transfer of the registration is in  
3 the best interests of Illinois qualifying patients as  
4 defined by the Compassionate Use of Medical Cannabis  
5 Program Act;

6 (D) the death of an owner of the equity interest in  
7 a registrant;

8 (E) the acquisition of a controlling interest in  
9 the stock or substantially all of the assets of a  
10 publicly traded company;

11 (F) a transfer by a parent company to a wholly  
12 owned subsidiary; or

13 (G) the transfer or sale to or by one person to  
14 another person where both persons were initial owners  
15 of the registration when the registration was issued;  
16 or

17 (2) the cannabis cultivation center registration,  
18 medical cannabis dispensary registration, or the  
19 controlling interest in a registrant's property is  
20 transferred in a transaction to lineal descendants in  
21 which no gain or loss is recognized or as a result of a  
22 transaction in accordance with Section 351 of the Internal  
23 Revenue Code in which no gain or loss is recognized.

24 (p) Pass-through entity tax.

25 (1) For taxable years ending on or after December 31,  
26 2021 and beginning prior to January 1, 2026, a partnership

1 (other than a publicly traded partnership under Section  
2 7704 of the Internal Revenue Code) or Subchapter S  
3 corporation may elect to apply the provisions of this  
4 subsection. A separate election shall be made for each  
5 taxable year. Such election shall be made at such time,  
6 and in such form and manner as prescribed by the  
7 Department, and, once made, is irrevocable.

8 (2) Entity-level tax. A partnership or Subchapter S  
9 corporation electing to apply the provisions of this  
10 subsection shall be subject to a tax for the privilege of  
11 earning or receiving income in this State in an amount  
12 equal to 4.95% of the taxpayer's net income for the  
13 taxable year.

14 (3) Net income defined.

15 (A) In general. For purposes of paragraph (2), the  
16 term net income has the same meaning as defined in  
17 Section 202 of this Act, except that, for tax years  
18 ending on or after December 31, 2023, a deduction  
19 shall be allowed in computing base income for  
20 distributions to a retired partner to the extent that  
21 the partner's distributions are exempt from tax under  
22 Section 203(a)(2)(F) of this Act. In addition, the  
23 following modifications shall not apply:

24 (i) the standard exemption allowed under  
25 Section 204;

26 (ii) the deduction for net losses allowed

1 under Section 207;

2 (iii) in the case of an S corporation, the  
3 modification under Section 203(b)(2)(S); and

4 (iv) in the case of a partnership, the  
5 modifications under Section 203(d)(2)(H) and  
6 Section 203(d)(2)(I).

7 (B) Special rule for tiered partnerships. If a  
8 taxpayer making the election under paragraph (1) is a  
9 partner of another taxpayer making the election under  
10 paragraph (1), net income shall be computed as  
11 provided in subparagraph (A), except that the taxpayer  
12 shall subtract its distributive share of the net  
13 income of the electing partnership (including its  
14 distributive share of the net income of the electing  
15 partnership derived as a distributive share from  
16 electing partnerships in which it is a partner).

17 (4) Credit for entity level tax. Each partner or  
18 shareholder of a taxpayer making the election under this  
19 Section shall be allowed a credit against the tax imposed  
20 under subsections (a) and (b) of Section 201 of this Act  
21 for the taxable year of the partnership or Subchapter S  
22 corporation for which an election is in effect ending  
23 within or with the taxable year of the partner or  
24 shareholder in an amount equal to 4.95% times the partner  
25 or shareholder's distributive share of the net income of  
26 the electing partnership or Subchapter S corporation, but

1 not to exceed the partner's or shareholder's share of the  
2 tax imposed under paragraph (1) which is actually paid by  
3 the partnership or Subchapter S corporation. If the  
4 taxpayer is a partnership or Subchapter S corporation that  
5 is itself a partner of a partnership making the election  
6 under paragraph (1), the credit under this paragraph shall  
7 be allowed to the taxpayer's partners or shareholders (or  
8 if the partner is a partnership or Subchapter S  
9 corporation then its partners or shareholders) in  
10 accordance with the determination of income and  
11 distributive share of income under Sections 702 and 704  
12 and Subchapter S of the Internal Revenue Code. If the  
13 amount of the credit allowed under this paragraph exceeds  
14 the partner's or shareholder's liability for tax imposed  
15 under subsections (a) and (b) of Section 201 of this Act  
16 for the taxable year, such excess shall be treated as an  
17 overpayment for purposes of Section 909 of this Act.

18 (5) Nonresidents. A nonresident individual who is a  
19 partner or shareholder of a partnership or Subchapter S  
20 corporation for a taxable year for which an election is in  
21 effect under paragraph (1) shall not be required to file  
22 an income tax return under this Act for such taxable year  
23 if the only source of net income of the individual (or the  
24 individual and the individual's spouse in the case of a  
25 joint return) is from an entity making the election under  
26 paragraph (1) and the credit allowed to the partner or

1           shareholder under paragraph (4) equals or exceeds the  
2           individual's liability for the tax imposed under  
3           subsections (a) and (b) of Section 201 of this Act for the  
4           taxable year.

5           (6) Liability for tax. Except as provided in this  
6           paragraph, a partnership or Subchapter S making the  
7           election under paragraph (1) is liable for the  
8           entity-level tax imposed under paragraph (2). If the  
9           electing partnership or corporation fails to pay the full  
10          amount of tax deemed assessed under paragraph (2), the  
11          partners or shareholders shall be liable to pay the tax  
12          assessed (including penalties and interest). Each partner  
13          or shareholder shall be liable for the unpaid assessment  
14          based on the ratio of the partner's or shareholder's share  
15          of the net income of the partnership over the total net  
16          income of the partnership. If the partnership or  
17          Subchapter S corporation fails to pay the tax assessed  
18          (including penalties and interest) and thereafter an  
19          amount of such tax is paid by the partners or  
20          shareholders, such amount shall not be collected from the  
21          partnership or corporation.

22          (7) Foreign tax. For purposes of the credit allowed  
23          under Section 601(b)(3) of this Act, tax paid by a  
24          partnership or Subchapter S corporation to another state  
25          which, as determined by the Department, is substantially  
26          similar to the tax imposed under this subsection, shall be

1 considered tax paid by the partner or shareholder to the  
2 extent that the partner's or shareholder's share of the  
3 income of the partnership or Subchapter S corporation  
4 allocated and apportioned to such other state bears to the  
5 total income of the partnership or Subchapter S  
6 corporation allocated or apportioned to such other state.

7 (8) Suspension of withholding. The provisions of  
8 Section 709.5 of this Act shall not apply to a partnership  
9 or Subchapter S corporation for the taxable year for which  
10 an election under paragraph (1) is in effect.

11 (9) Requirement to pay estimated tax. For each taxable  
12 year for which an election under paragraph (1) is in  
13 effect, a partnership or Subchapter S corporation is  
14 required to pay estimated tax for such taxable year under  
15 Sections 803 and 804 of this Act if the amount payable as  
16 estimated tax can reasonably be expected to exceed \$500.

17 (10) The provisions of this subsection shall apply  
18 only with respect to taxable years for which the  
19 limitation on individual deductions applies under Section  
20 164(b) (6) of the Internal Revenue Code.

21 (q) Temporary surcharge.

22 (1) Except as provided in paragraph (3) of this  
23 subsection (p), for each of taxable years 2026 through  
24 2034, a surcharge is imposed on all individuals, trusts  
25 and estates equal to 0.5% of the taxpayer's net income for  
26 the taxable year.

1           (2) Except as provided in paragraph (3) of this  
2           subsection (p), for each of taxable years 2026 through  
3           2034, a surcharge is imposed on all corporations equal to  
4           0.7% of the taxpayer's net income for the taxable year.

5           (3) If the Auditor General is unable to, or does not,  
6           certify that all the statements set out in paragraphs (1)  
7           through (5) of Section 1B-25 are true for a State fiscal  
8           year within 90 days after the end of that State fiscal  
9           year, the surcharges imposed by this subsection (p) are  
10           inoperable as of the preceding January 1.

11           (4) If this amendatory Act of the 104th General  
12           Assembly takes effect on or after June 1, 2026, the  
13           Department shall waive any interest on underpayment of  
14           estimated tax attributable to the surcharges imposed by  
15           this subsection (p) in taxable year 2026.

16           (Source: P.A. 102-558, eff. 8-20-21; 102-658, eff. 8-27-21;  
17           103-9, eff. 6-7-23; 103-396, eff. 1-1-24; 103-595, eff.  
18           6-26-24; 103-605, eff. 7-1-24.)

19           Section 25. The Illinois Pension Code is amended by  
20           changing Sections 2-124, 14-131, 15-155, 16-158, and 18-131 as  
21           follows:

22           (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

23           Sec. 2-124. Contributions by State.

24           (a) The State shall make contributions to the System by

1 appropriations of amounts which, together with the  
2 contributions of participants, interest earned on investments,  
3 and other income will meet the cost of maintaining and  
4 administering the System on a 100% ~~90%~~ funded basis in  
5 accordance with actuarial recommendations.

6 (b) The Board shall determine the amount of State  
7 contributions required for each fiscal year on the basis of  
8 the actuarial tables and other assumptions adopted by the  
9 Board and the prescribed rate of interest, using the formula  
10 in subsection (c) or (c-5), as applicable.

11 (c) For State fiscal years 2012 through 2026 ~~2045~~, the  
12 minimum contribution to the System to be made by the State for  
13 each fiscal year shall be an amount determined by the System to  
14 be sufficient to bring the total assets of the System up to 90%  
15 of the total actuarial liabilities of the System by the end of  
16 State fiscal year 2045. In making these determinations, the  
17 required State contribution shall be calculated each year as a  
18 level percentage of payroll over the years remaining to and  
19 including fiscal year 2045 and shall be determined under the  
20 projected unit credit actuarial cost method.

21 A change in an actuarial or investment assumption that  
22 increases or decreases the required State contribution and  
23 first applies in State fiscal year 2018 or thereafter shall be  
24 implemented in equal annual amounts over a 5-year period  
25 beginning in the State fiscal year in which the actuarial  
26 change first applies to the required State contribution.

1 A change in an actuarial or investment assumption that  
2 increases or decreases the required State contribution and  
3 first applied to the State contribution in fiscal year 2014,  
4 2015, 2016, or 2017 shall be implemented:

5 (i) as already applied in State fiscal years before  
6 2018; and

7 (ii) in the portion of the 5-year period beginning in  
8 the State fiscal year in which the actuarial change first  
9 applied that occurs in State fiscal year 2018 or  
10 thereafter, by calculating the change in equal annual  
11 amounts over that 5-year period and then implementing it  
12 at the resulting annual rate in each of the remaining  
13 fiscal years in that 5-year period.

14 For State fiscal years 1996 through 2005, the State  
15 contribution to the System, as a percentage of the applicable  
16 employee payroll, shall be increased in equal annual  
17 increments so that by State fiscal year 2011, the State is  
18 contributing at the rate required under this Section.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2006  
21 is \$4,157,000.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2007  
24 is \$5,220,300.

25 For each of State fiscal years 2008 through 2009, the  
26 State contribution to the System, as a percentage of the

1 applicable employee payroll, shall be increased in equal  
2 annual increments from the required State contribution for  
3 State fiscal year 2007, so that by State fiscal year 2011, the  
4 State is contributing at the rate otherwise required under  
5 this Section.

6 Notwithstanding any other provision of this Article, the  
7 total required State contribution for State fiscal year 2010  
8 is \$10,454,000 and shall be made from the proceeds of bonds  
9 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
10 Obligation Bond Act, less (i) the pro rata share of bond sale  
11 expenses determined by the System's share of total bond  
12 proceeds, (ii) any amounts received from the General Revenue  
13 Fund in fiscal year 2010, and (iii) any reduction in bond  
14 proceeds due to the issuance of discounted bonds, if  
15 applicable.

16 Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2011  
18 is the amount recertified by the System on or before April 1,  
19 2011 pursuant to Section 2-134 and shall be made from the  
20 proceeds of bonds sold in fiscal year 2011 pursuant to Section  
21 7.2 of the General Obligation Bond Act, less (i) the pro rata  
22 share of bond sale expenses determined by the System's share  
23 of total bond proceeds, (ii) any amounts received from the  
24 General Revenue Fund in fiscal year 2011, and (iii) any  
25 reduction in bond proceeds due to the issuance of discounted  
26 bonds, if applicable.

1       ~~Beginning in State fiscal year 2046, the minimum State~~  
2       ~~contribution for each fiscal year shall be the amount needed~~  
3       ~~to maintain the total assets of the System at 90% of the total~~  
4       ~~actuarial liabilities of the System.~~

5       Amounts received by the System pursuant to Section 25 of  
6       the Budget Stabilization Act or Section 8.12 of the State  
7       Finance Act in any fiscal year do not reduce and do not  
8       constitute payment of any portion of the minimum State  
9       contribution required under this Article in that fiscal year.  
10      Such amounts shall not reduce, and shall not be included in the  
11      calculation of, the required State contributions under this  
12      Article in any future year until the System has reached a  
13      funding ratio of at least 90%. A reference in this Article to  
14      the "required State contribution" or any substantially similar  
15      term does not include or apply to any amounts payable to the  
16      System under Section 25 of the Budget Stabilization Act.

17      Notwithstanding any other provision of this Section, the  
18      required State contribution for State fiscal year 2005 and for  
19      fiscal year 2008 and each fiscal year thereafter, as  
20      calculated under this Section and certified under Section  
21      2-134, shall not exceed an amount equal to (i) the amount of  
22      the required State contribution that would have been  
23      calculated under this Section for that fiscal year if the  
24      System had not received any payments under subsection (d) of  
25      Section 7.2 of the General Obligation Bond Act, minus (ii) the  
26      portion of the State's total debt service payments for that

1 fiscal year on the bonds issued in fiscal year 2003 for the  
2 purposes of that Section 7.2, as determined and certified by  
3 the Comptroller, that is the same as the System's portion of  
4 the total moneys distributed under subsection (d) of Section  
5 7.2 of the General Obligation Bond Act. In determining this  
6 maximum for State fiscal years 2008 through 2010, however, the  
7 amount referred to in item (i) shall be increased, as a  
8 percentage of the applicable employee payroll, in equal  
9 increments calculated from the sum of the required State  
10 contribution for State fiscal year 2007 plus the applicable  
11 portion of the State's total debt service payments for fiscal  
12 year 2007 on the bonds issued in fiscal year 2003 for the  
13 purposes of Section 7.2 of the General Obligation Bond Act, so  
14 that, by State fiscal year 2011, the State is contributing at  
15 the rate otherwise required under this Section.

16 (c-5) For State fiscal years 2026 and thereafter, the  
17 minimum or required State contribution to the System shall be  
18 determined by this subsection (c-5).

19 (1) General Formula. For State fiscal years 2026  
20 through 2056, the minimum or required State contribution  
21 to the System shall be equal to the sum of the Base  
22 Contribution Amount plus the Benefit Change Contribution  
23 Amount.

24 Beginning in State fiscal year 2057, the minimum or  
25 required State contribution for each fiscal year shall be  
26 the amount needed to maintain the total assets of the

1 System at 100% of the total actuarial liabilities of the  
2 System, but subject to subparagraph (D) of paragraph (3)  
3 of this subsection (c-5) as if those provisions applied to  
4 the minimum or required State contribution in the same  
5 manner as the Base Contribution Amount.

6 In addition, the System shall also receive transfers  
7 from the Pension Stabilization Fund (which are not  
8 included when determining the required State contribution  
9 under this subsection (c-5)) resulting from proceeds of  
10 the income tax surcharge imposed on individuals, trusts,  
11 and estates by paragraph (1) of subsection (p) of Section  
12 201 of the Illinois Income Tax Act and other transfers  
13 pursuant to the Budget Stabilization Act. Amounts received  
14 by the System pursuant to Section 25 of the Budget  
15 Stabilization Act or Section 8.12 of the State Finance Act  
16 in any fiscal year do not reduce and do not constitute  
17 payment of any portion of the Base Contribution Amount or  
18 the minimum State contribution required under this Article  
19 in that fiscal year.

20 (2) Definitions. For the purposes of this subsection  
21 (c-5):

22 "Accrued Interest" means, with respect to the  
23 Liabilities Balance at the end of a specific State fiscal  
24 year, the product equal to the assumed rate of investment  
25 return (expressed as a percentage) multiplied by the  
26 Liabilities Balance.

1           "Liabilities Balance" means the total actuarial  
2           liabilities of the System net of the System's assets.

3           "Remaining Ramp Ratio" means a ratio equal to 1  
4           divided by "n", where "n" for a specific State fiscal year  
5           is equal to the number of State fiscal years remaining  
6           through and including State fiscal year 2056, inclusive of  
7           both that specific State fiscal year and State fiscal year  
8           2056. For illustration: for State fiscal year 2037, "n" is  
9           equal to 20; and for State fiscal year 2056, "n" is equal  
10           to 1.

11           "Timing of Payment Adjustment" means an amount  
12           determined by the System to account for a delay in payment  
13           of the Base Contribution Amount to the System. The System,  
14           in consultation with the Governor's Office of Management  
15           and Budget and the Comptroller, shall make an assumption  
16           of the payment schedule (including timing and amounts) of  
17           the Base Contribution Amount for each State fiscal year.  
18           The Timing of Payment Adjustment for a State fiscal year  
19           shall equal the additional amount necessary to cause (I)  
20           the discounted value of the Base Contribution Amount for  
21           that State fiscal year (for this purpose, excluding the  
22           Timing of Payment Adjustment) as paid on the assumed  
23           schedule, discounted at the System's assumed rate of  
24           investment return back to the first day of the State  
25           fiscal year, to be equal to (II) the value of the Base  
26           Contribution Amount for that State fiscal year (for this

1 purpose, excluding the Timing of Payment Adjustment) if  
2 such amount were paid in full on the first day of the State  
3 fiscal year.

4 (3) Base Contribution Amount.

5 (A) For State fiscal years 2026 through 2035, the  
6 Base Contribution Amount shall be an amount determined  
7 by the System to be sufficient to bring the total  
8 assets of the System up to 90% of the total actuarial  
9 liabilities of the System by the end of State fiscal  
10 year 2046. In making these determinations, the Base  
11 Contribution Amount shall be calculated each year as a  
12 level percentage of payroll over the years remaining  
13 to and including fiscal year 2046 and shall be  
14 determined under the projected unit credit actuarial  
15 cost method.

16 Amounts received by the System pursuant to Section  
17 25 of the Budget Stabilization Act or Section 8.12 of  
18 the State Finance Act in any fiscal year shall not be  
19 included in the calculation of the Base Contribution  
20 Amount. Instead, for State fiscal years 2027 through  
21 2036, such amounts, as increased or decreased by the  
22 rate of the System's investment performance during the  
23 relevant period of time, shall be excluded from the  
24 System's assets for the purpose of determining the  
25 Liabilities Balance.

26 (B) For State fiscal year 2037, the Base

1 Contribution Amount shall be equal to the Base  
2 Contribution Amount for State fiscal year 2036.

3 (C) For State fiscal years 2038 through 2056, the  
4 Base Contribution Amount shall be equal to an amount  
5 determined by the System to be equal to the sum of the  
6 following:

7 (i) the normal cost of the employer  
8 contribution to the System for that fiscal year;  
9 plus

10 (ii) the System's assumed administrative,  
11 operational, and investment expenses; plus

12 (iii) the Accrued Interest on the Liabilities  
13 Balance at the end of the prior State fiscal year;  
14 plus

15 (iv) an amount equal to the product of (I) the  
16 Liabilities Balance at the end of the prior State  
17 fiscal year multiplied by (II) the Remaining Ramp  
18 Ratio; plus

19 (v) the Timing of Payment Adjustment for that  
20 fiscal year. The purpose of the calculation in  
21 this paragraph (3) is to bring the total assets of  
22 the System up to 100% of the total actuarial  
23 liabilities of the System by the end of State  
24 fiscal year 2056.

25 (D) Changes in Assumptions; Gains and Losses. A  
26 change in an actuarial or investment assumption that

1 increases or decreases the Base Contribution Amount  
2 and first applies in State fiscal year 2042 or  
3 thereafter shall be implemented through a level  
4 payment over a 15-year period beginning in the State  
5 fiscal year in which the actuarial change first  
6 applies to the Base Contribution Amount. Gains and  
7 losses experienced in State fiscal year 2042 or  
8 thereafter shall be implemented through a level  
9 payment over a 15-year period beginning in the State  
10 fiscal year immediately after the State fiscal year in  
11 which the gain or loss was experienced.

12 The level payment, which may be positive (in the  
13 case of an increase in the Base Contribution Amount)  
14 or negative (in the case of a decrease in the Base  
15 Contribution Amount), shall be determined by the  
16 System as follows: first, by determining the  
17 discounted value of the increases or decreases in the  
18 Base Contribution Amount over time, discounted at the  
19 System's assumed rate of investment return back to the  
20 first day of the State fiscal year of the relevant  
21 15-year period; and second, by amortizing that  
22 discounted value over 15 years, with an interest rate  
23 equal to the System's assumed rate of investment  
24 return, to result in a level payment. The level  
25 payment amount shall be added to or subtracted from  
26 the Base Contribution Amount otherwise determined

1 pursuant to this subparagraph (C), and the resulting  
2 amount shall be the Base Contribution Amount for all  
3 other purposes of this subsection (c-5).

4 (4) Benefit Change Contribution Amount. The Benefit  
5 Change Contribution Amount shall be equal to 100% of the  
6 Benefit Change Cost of any enhanced, expanded, or  
7 increased benefits under this Article taking effect after  
8 September 30, 2026, as determined by the Auditor General  
9 pursuant to Article 1B.

10 (d) For purposes of determining the required State  
11 contribution to the System, the value of the System's assets  
12 shall be equal to the actuarial value of the System's assets,  
13 which shall be calculated as follows:

14 As of June 30, 2008, the actuarial value of the System's  
15 assets shall be equal to the market value of the assets as of  
16 that date. In determining the actuarial value of the System's  
17 assets for fiscal years after June 30, 2008, any actuarial  
18 gains or losses from investment return incurred in a fiscal  
19 year shall be recognized in equal annual amounts over the  
20 5-year period following that fiscal year.

21 (e) For purposes of determining the required State  
22 contribution to the system for a particular year, the  
23 actuarial value of assets shall be assumed to earn a rate of  
24 return equal to the system's actuarially assumed rate of  
25 return.

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

1 (40 ILCS 5/14-131)

2 Sec. 14-131. Contributions by State.

3 (a) The State shall make contributions to the System by  
4 appropriations of amounts which, together with other employer  
5 contributions from trust, federal, and other funds, employee  
6 contributions, investment income, and other income, will be  
7 sufficient to meet the cost of maintaining and administering  
8 the System on a 100% ~~90%~~ funded basis in accordance with  
9 actuarial recommendations.

10 For the purposes of this Section and Section 14-135.08,  
11 references to State contributions refer only to employer  
12 contributions and do not include employee contributions that  
13 are picked up or otherwise paid by the State or a department on  
14 behalf of the employee.

15 (b) The Board shall determine the total amount of State  
16 contributions required for each fiscal year on the basis of  
17 the actuarial tables and other assumptions adopted by the  
18 Board, using the formula in subsection (e) or (e-5), as  
19 applicable.

20 The Board shall also determine a State contribution rate  
21 for each fiscal year, expressed as a percentage of payroll,  
22 based on the total required State contribution for that fiscal  
23 year (less the amount received by the System from  
24 appropriations under Section 8.12 of the State Finance Act and  
25 Section 1 of the State Pension Funds Continuing Appropriation

1 Act, if any, for the fiscal year ending on the June 30  
2 immediately preceding the applicable November 15 certification  
3 deadline), the estimated payroll (including all forms of  
4 compensation) for personal services rendered by eligible  
5 employees, and the recommendations of the actuary.

6 For the purposes of this Section and Section 14.1 of the  
7 State Finance Act, the term "eligible employees" includes  
8 employees who participate in the System, persons who may elect  
9 to participate in the System but have not so elected, persons  
10 who are serving a qualifying period that is required for  
11 participation, and annuitants employed by a department as  
12 described in subdivision (a) (1) or (a) (2) of Section 14-111.

13 (c) Contributions shall be made by the several departments  
14 for each pay period by warrants drawn by the State Comptroller  
15 against their respective funds or appropriations based upon  
16 vouchers stating the amount to be so contributed. These  
17 amounts shall be based on the full rate certified by the Board  
18 under Section 14-135.08 for that fiscal year. From March 5,  
19 2004 (the effective date of Public Act 93-665) through the  
20 payment of the final payroll from fiscal year 2004  
21 appropriations, the several departments shall not make  
22 contributions for the remainder of fiscal year 2004 but shall  
23 instead make payments as required under subsection (a-1) of  
24 Section 14.1 of the State Finance Act. The several departments  
25 shall resume those contributions at the commencement of fiscal  
26 year 2005.

1 (c-1) Notwithstanding subsection (c) of this Section, for  
2 fiscal years 2010, 2012, and each fiscal year thereafter,  
3 contributions by the several departments are not required to  
4 be made for General Revenue Funds payrolls processed by the  
5 Comptroller. Payrolls paid by the several departments from all  
6 other State funds must continue to be processed pursuant to  
7 subsection (c) of this Section.

8 (c-2) Unless otherwise directed by the Comptroller under  
9 subsection (c-3), the Board shall submit vouchers for payment  
10 of State contributions to the System for the applicable month  
11 on the 15th day of each month, or as soon thereafter as may be  
12 practicable. The amount vouchered for a monthly payment shall  
13 total one-twelfth of the fiscal year General Revenue Fund  
14 contribution as certified by the System pursuant to Section  
15 14-135.08 of this Code.

16 (c-3) Beginning in State fiscal year 2025, if the  
17 Comptroller requests that the Board submit, during a State  
18 fiscal year, vouchers for multiple monthly payments for  
19 advance payment of State contributions due to the System for  
20 that State fiscal year, then the Board shall submit those  
21 additional vouchers as directed by the Comptroller,  
22 notwithstanding subsection (c-2). Unless an act of  
23 appropriations provides otherwise, nothing in this Section  
24 authorizes the Board to submit, in a State fiscal year,  
25 vouchers for the payment of State contributions to the System  
26 in an amount that exceeds the rate of payroll that is certified

1 by the System under Section 14-135.08 for that State fiscal  
2 year.

3 (d) If an employee is paid from trust funds or federal  
4 funds, the department or other employer shall pay employer  
5 contributions from those funds to the System at the certified  
6 rate, unless the terms of the trust or the federal-State  
7 agreement preclude the use of the funds for that purpose, in  
8 which case the required employer contributions shall be paid  
9 by the State.

10 (e) For State fiscal years 2012 through 2045, the minimum  
11 contribution to the System to be made by the State for each  
12 fiscal year shall be an amount determined by the System to be  
13 sufficient to bring the total assets of the System up to 90% of  
14 the total actuarial liabilities of the System by the end of  
15 State fiscal year 2045. In making these determinations, the  
16 required State contribution shall be calculated each year as a  
17 level percentage of payroll over the years remaining to and  
18 including fiscal year 2045 and shall be determined under the  
19 projected unit credit actuarial cost method.

20 A change in an actuarial or investment assumption that  
21 increases or decreases the required State contribution and  
22 first applies in State fiscal year 2018 or thereafter shall be  
23 implemented in equal annual amounts over a 5-year period  
24 beginning in the State fiscal year in which the actuarial  
25 change first applies to the required State contribution.

26 A change in an actuarial or investment assumption that

1 increases or decreases the required State contribution and  
2 first applied to the State contribution in fiscal year 2014,  
3 2015, 2016, or 2017 shall be implemented:

4 (i) as already applied in State fiscal years before  
5 2018; and

6 (ii) in the portion of the 5-year period beginning in  
7 the State fiscal year in which the actuarial change first  
8 applied that occurs in State fiscal year 2018 or  
9 thereafter, by calculating the change in equal annual  
10 amounts over that 5-year period and then implementing it  
11 at the resulting annual rate in each of the remaining  
12 fiscal years in that 5-year period.

13 For State fiscal years 1996 through 2005, the State  
14 contribution to the System, as a percentage of the applicable  
15 employee payroll, shall be increased in equal annual  
16 increments so that by State fiscal year 2011, the State is  
17 contributing at the rate required under this Section; except  
18 that (i) for State fiscal year 1998, for all purposes of this  
19 Code and any other law of this State, the certified percentage  
20 of the applicable employee payroll shall be 5.052% for  
21 employees earning eligible creditable service under Section  
22 14-110 and 6.500% for all other employees, notwithstanding any  
23 contrary certification made under Section 14-135.08 before  
24 July 7, 1997 (the effective date of Public Act 90-65), and (ii)  
25 in the following specified State fiscal years, the State  
26 contribution to the System shall not be less than the

1 following indicated percentages of the applicable employee  
2 payroll, even if the indicated percentage will produce a State  
3 contribution in excess of the amount otherwise required under  
4 this subsection and subsection (a): 9.8% in FY 1999; 10.0% in  
5 FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003;  
6 and 10.8% in FY 2004.

7 ~~Beginning in State fiscal year 2046, the minimum State~~  
8 ~~contribution for each fiscal year shall be the amount needed~~  
9 ~~to maintain the total assets of the System at 90% of the total~~  
10 ~~actuarial liabilities of the System.~~

11 Amounts received by the System pursuant to Section 25 of  
12 the Budget Stabilization Act or Section 8.12 of the State  
13 Finance Act in any fiscal year do not reduce and do not  
14 constitute payment of any portion of the minimum State  
15 contribution required under this Article in that fiscal year.  
16 Such amounts shall not reduce, and shall not be included in the  
17 calculation of, the required State contributions under this  
18 Article in any future year until the System has reached a  
19 funding ratio of at least 90%. A reference in this Article to  
20 the "required State contribution" or any substantially similar  
21 term does not include or apply to any amounts payable to the  
22 System under Section 25 of the Budget Stabilization Act.

23 Notwithstanding any other provision of this Section, the  
24 required State contribution for State fiscal year 2005 and for  
25 fiscal year 2008 and each fiscal year thereafter, as  
26 calculated under this Section and certified under Section

1 14-135.08, shall not exceed an amount equal to (i) the amount  
2 of the required State contribution that would have been  
3 calculated under this Section for that fiscal year if the  
4 System had not received any payments under subsection (d) of  
5 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
6 portion of the State's total debt service payments for that  
7 fiscal year on the bonds issued in fiscal year 2003 for the  
8 purposes of that Section 7.2, as determined and certified by  
9 the Comptroller, that is the same as the System's portion of  
10 the total moneys distributed under subsection (d) of Section  
11 7.2 of the General Obligation Bond Act.

12 (e-5) For State fiscal years 2026 and thereafter, the  
13 minimum or required State contribution to the System shall be  
14 determined by this subsection (e-5).

15 (1) General Formula. For State fiscal years 2026  
16 through 2056, the minimum or required State contribution  
17 to the System shall be equal to the sum of the Base  
18 Contribution Amount plus the Benefit Change Contribution  
19 Amount.

20 Beginning in State fiscal year 2057, the minimum or  
21 required State contribution for each fiscal year shall be  
22 the amount needed to maintain the total assets of the  
23 System at 100% of the total actuarial liabilities of the  
24 System, but subject to subparagraph (D) of paragraph (3)  
25 of this subsection (e-5) as if those provisions applied to  
26 the minimum or required State contribution in the same

1 manner as the Base Contribution Amount.

2 In addition, the System shall also receive transfers  
3 from the Pension Stabilization Fund (which are not  
4 included when determining the required State contribution  
5 under this subsection (e-5)) resulting from proceeds of  
6 the income tax surcharge imposed on individuals, trusts,  
7 and estates by paragraph (1) of subsection (p) of Section  
8 201 of the Illinois Income Tax Act and other transfers  
9 pursuant to the Budget Stabilization Act. Amounts received  
10 by the System pursuant to Section 25 of the Budget  
11 Stabilization Act or Section 8.12 of the State Finance Act  
12 in any fiscal year do not reduce and do not constitute  
13 payment of any portion of the Base Contribution Amount or  
14 the minimum State contribution required under this Article  
15 in that fiscal year.

16 (2) Definitions. For the purposes of this subsection  
17 (e-5):

18 "Accrued Interest" means, with respect to the  
19 Liabilities Balance at the end of a specific State  
20 fiscal year, the product equal to the assumed rate of  
21 investment return (expressed as a percentage)  
22 multiplied by the Liabilities Balance.

23 "Liabilities Balance" means the total actuarial  
24 liabilities of the System net of the System's assets.

25 "Remaining Ramp Ratio" means a ratio equal to 1  
26 divided by "n", where "n" for a specific State fiscal

1 year is equal to the number of State fiscal years  
2 remaining through and including State fiscal year  
3 2056, inclusive of both that specific State fiscal  
4 year and State fiscal year 2056. For illustration: for  
5 State fiscal year 2037, "n" is equal to 20; and for  
6 State fiscal year 2056, "n" is equal to 1.

7 "Timing of Payment Adjustment" means an amount  
8 determined by the System to account for a delay in  
9 payment of the Base Contribution Amount to the System.  
10 The System, in consultation with the Governor's Office  
11 of Management and Budget and the Comptroller, shall  
12 make an assumption of the payment schedule (including  
13 timing and amounts) of the Base Contribution Amount  
14 for each State fiscal year. The Timing of Payment  
15 Adjustment for a State fiscal year shall equal the  
16 additional amount necessary to cause (I) the  
17 discounted value of the Base Contribution Amount for  
18 that State fiscal year (for this purpose, excluding  
19 the Timing of Payment Adjustment) as paid on the  
20 assumed schedule, discounted at the System's assumed  
21 rate of investment return back to the first day of the  
22 State fiscal year, to be equal to (II) the value of the  
23 Base Contribution Amount for that State fiscal year  
24 (for this purpose, excluding the Timing of Payment  
25 Adjustment) if such amount were paid in full on the  
26 first day of the State fiscal year.

1           (3) Base Contribution Amount.

2           (A) For State fiscal years 2026 through 2035, the  
3           Base Contribution Amount shall be an amount determined  
4           by the System to be sufficient to bring the total  
5           assets of the System up to 90% of the total actuarial  
6           liabilities of the System by the end of State fiscal  
7           year 2046. In making these determinations, the Base  
8           Contribution Amount shall be calculated each year as a  
9           level percentage of payroll over the years remaining  
10           to and including fiscal year 2046 and shall be  
11           determined under the projected unit credit actuarial  
12           cost method.

13           Amounts received by the System pursuant to Section  
14           25 of the Budget Stabilization Act or Section 8.12 of  
15           the State Finance Act in any fiscal year shall not be  
16           included in the calculation of the Base Contribution  
17           Amount. Instead, for State fiscal years 2027 through  
18           2036, such amounts, as increased or decreased by the  
19           rate of the System's investment performance during the  
20           relevant period of time, shall be excluded from the  
21           System's assets for the purpose of determining the  
22           Liabilities Balance.

23           (B) For State fiscal year 2037, the Base  
24           Contribution Amount shall be equal to the Base  
25           Contribution Amount for State fiscal year 2036.

26           (C) For State fiscal years 2038 through 2056, the

1 Base Contribution Amount shall be equal to an amount  
2 determined by the System to be equal to the sum of the  
3 following:

4 (i) the normal cost of the employer  
5 contribution to the System for that fiscal year;  
6 plus

7 (ii) the System's assumed administrative,  
8 operational, and investment expenses; plus

9 (iii) the Accrued Interest on the Liabilities  
10 Balance at the end of the prior State fiscal year;  
11 plus

12 (iv) an amount equal to the product of (I) the  
13 Liabilities Balance at the end of the prior State  
14 fiscal year multiplied by (II) the Remaining Ramp  
15 Ratio; plus

16 (v) the Timing of Payment Adjustment for that  
17 fiscal year. The purpose of the calculation in  
18 this paragraph (3) is to bring the total assets of  
19 the System up to 100% of the total actuarial  
20 liabilities of the System by the end of State  
21 fiscal year 2056.

22 (D) Changes in Assumptions; Gains and Losses. A  
23 change in an actuarial or investment assumption that  
24 increases or decreases the Base Contribution Amount  
25 and first applies in State fiscal year 2042 or  
26 thereafter shall be implemented through a level

1 payment over a 15-year period beginning in the State  
2 fiscal year in which the actuarial change first  
3 applies to the Base Contribution Amount. Gains and  
4 losses experienced in State fiscal year 2042 or  
5 thereafter shall be implemented through a level  
6 payment over a 15-year period beginning in the State  
7 fiscal year immediately after the State fiscal year in  
8 which the gain or loss was experienced.

9 The level payment, which may be positive (in the  
10 case of an increase in the Base Contribution Amount)  
11 or negative (in the case of a decrease in the Base  
12 Contribution Amount), shall be determined by the  
13 System as follows: first, by determining the  
14 discounted value of the increases or decreases in the  
15 Base Contribution Amount over time, discounted at the  
16 System's assumed rate of investment return back to the  
17 first day of the State fiscal year of the relevant  
18 15-year period; and second, by amortizing that  
19 discounted value over 15 years, with an interest rate  
20 equal to the System's assumed rate of investment  
21 return, to result in a level payment. The level  
22 payment amount shall be added to or subtracted from  
23 the Base Contribution Amount otherwise determined  
24 pursuant to this subsection (iii), and the resulting  
25 amount shall be the Base Contribution Amount for all  
26 other purposes of this subsection (e-5).

1           (4) Benefit Change Contribution Amount. The Benefit  
2           Change Contribution Amount shall be equal to 100% of the  
3           Benefit Change Cost of any enhanced, expanded, or  
4           increased benefits under this Article taking effect after  
5           September 30, 2026, as determined by the Auditor General  
6           pursuant to Article 1B.

7           (f) (Blank).

8           (g) For purposes of determining the required State  
9           contribution to the System, the value of the System's assets  
10           shall be equal to the actuarial value of the System's assets,  
11           which shall be calculated as follows:

12           As of June 30, 2008, the actuarial value of the System's  
13           assets shall be equal to the market value of the assets as of  
14           that date. In determining the actuarial value of the System's  
15           assets for fiscal years after June 30, 2008, 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           (h) For purposes of determining the required State  
20           contribution to the System for a particular year, the  
21           actuarial value of assets shall be assumed to earn a rate of  
22           return equal to the System's actuarially assumed rate of  
23           return.

24           (i) (Blank).

25           (j) (Blank).

26           (k) For fiscal year 2012 and each fiscal year thereafter,

1 after the submission of all payments for eligible employees  
2 from personal services line items paid from the General  
3 Revenue Fund in the fiscal year have been made, the  
4 Comptroller shall provide to the System a certification of the  
5 sum of all expenditures in the fiscal year for personal  
6 services. Upon receipt of the certification, the System shall  
7 determine the amount due to the System based on the full rate  
8 certified by the Board under Section 14-135.08 for the fiscal  
9 year in order to meet the State's obligation under this  
10 Section. The System shall compare this amount due to the  
11 amount received by the System for the fiscal year. If the  
12 amount due is more than the amount received, the difference  
13 shall be termed the "Prior Fiscal Year Shortfall" for purposes  
14 of this Section, and the Prior Fiscal Year Shortfall shall be  
15 satisfied under Section 1.2 of the State Pension Funds  
16 Continuing Appropriation Act. If the amount due is less than  
17 the amount received, the difference shall be termed the "Prior  
18 Fiscal Year Overpayment" for purposes of this Section, and the  
19 Prior Fiscal Year Overpayment shall be repaid by the System to  
20 the General Revenue Fund as soon as practicable after the  
21 certification.

22 (Source: P.A. 103-588, eff. 6-5-24.)

23 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

24 Sec. 15-155. Employer contributions.

25 (a) The State of Illinois shall make contributions by

1 appropriations of amounts which, together with the other  
2 employer contributions from trust, federal, and other funds,  
3 employee contributions, income from investments, and other  
4 income of this System, will be sufficient to meet the cost of  
5 maintaining and administering the System on a 90% funded basis  
6 in accordance with actuarial recommendations.

7 The Board shall determine the amount of State  
8 contributions required for each fiscal year on the basis of  
9 the actuarial tables and other assumptions adopted by the  
10 Board and the recommendations of the actuary, using the  
11 formula in subsection (a-1).

12 (a-1) For State fiscal years 2012 through 2025 ~~2045~~, the  
13 minimum contribution to the System to be made by the State for  
14 each fiscal year shall be an amount determined by the System to  
15 be sufficient to bring the total assets of the System up to 90%  
16 of the total actuarial liabilities of the System by the end of  
17 State fiscal year 2045. In making these determinations, the  
18 required State contribution shall be calculated each year as a  
19 level percentage of payroll over the years remaining to and  
20 including fiscal year 2045 and shall be determined under the  
21 projected unit credit actuarial cost method.

22 For each of State fiscal years 2018, 2019, and 2020, the  
23 State shall make an additional contribution to the System  
24 equal to 2% of the total payroll of each employee who is deemed  
25 to have elected the benefits under Section 1-161 or who has  
26 made the election under subsection (c) of Section 1-161.

1           A change in an actuarial or investment assumption that  
2 increases or decreases the required State contribution and  
3 first applies in State fiscal year 2018 or thereafter shall be  
4 implemented in equal annual amounts over a 5-year period  
5 beginning in the State fiscal year in which the actuarial  
6 change first applies to the required State contribution.

7           A change in an actuarial or investment assumption that  
8 increases or decreases the required State contribution and  
9 first applied to the State contribution in fiscal year 2014,  
10 2015, 2016, or 2017 shall be implemented:

11           (i) as already applied in State fiscal years before  
12 2018; and

13           (ii) in the portion of the 5-year period beginning in  
14 the State fiscal year in which the actuarial change first  
15 applied that occurs in State fiscal year 2018 or  
16 thereafter, by calculating the change in equal annual  
17 amounts over that 5-year period and then implementing it  
18 at the resulting annual rate in each of the remaining  
19 fiscal years in that 5-year period.

20           For State fiscal years 1996 through 2005, the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, shall be increased in equal annual  
23 increments so that by State fiscal year 2011, the State is  
24 contributing at the rate required under this Section.

25           Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2006

1 is \$166,641,900.

2 Notwithstanding any other provision of this Article, the  
3 total required State contribution for State fiscal year 2007  
4 is \$252,064,100.

5 For each of State fiscal years 2008 through 2009, the  
6 State contribution to the System, as a percentage of the  
7 applicable employee payroll, shall be increased in equal  
8 annual increments from the required State contribution for  
9 State fiscal year 2007, so that by State fiscal year 2011, the  
10 State is contributing at the rate otherwise required under  
11 this Section.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2010  
14 is \$702,514,000 and shall be made from the State Pensions Fund  
15 and proceeds of bonds sold in fiscal year 2010 pursuant to  
16 Section 7.2 of the General Obligation Bond Act, less (i) the  
17 pro rata share of bond sale expenses determined by the  
18 System's share of total bond proceeds, (ii) any amounts  
19 received from the General Revenue Fund in fiscal year 2010,  
20 (iii) any reduction in bond proceeds due to the issuance of  
21 discounted bonds, if applicable.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2011  
24 is the amount recertified by the System on or before April 1,  
25 2011 pursuant to Section 15-165 and shall be made from the  
26 State Pensions Fund and proceeds of bonds sold in fiscal year

1 2011 pursuant to Section 7.2 of the General Obligation Bond  
2 Act, less (i) the pro rata share of bond sale expenses  
3 determined by the System's share of total bond proceeds, (ii)  
4 any amounts received from the General Revenue Fund in fiscal  
5 year 2011, and (iii) any reduction in bond proceeds due to the  
6 issuance of discounted bonds, if applicable.

7 ~~Beginning in State fiscal year 2046, the minimum State~~  
8 ~~contribution for each fiscal year shall be the amount needed~~  
9 ~~to maintain the total assets of the System at 90% of the total~~  
10 ~~actuarial liabilities of the System.~~

11 Amounts received by the System pursuant to Section 25 of  
12 the Budget Stabilization Act or Section 8.12 of the State  
13 Finance Act in any fiscal year do not reduce and do not  
14 constitute payment of any portion of the minimum State  
15 contribution required under this Article in that fiscal year.  
16 Such amounts shall not reduce, and shall not be included in the  
17 calculation of, the required State contributions under this  
18 Article in any future year until the System has reached a  
19 funding ratio of at least 90%. A reference in this Article to  
20 the "required State contribution" or any substantially similar  
21 term does not include or apply to any amounts payable to the  
22 System under Section 25 of the Budget Stabilization Act.

23 Notwithstanding any other provision of this Section, the  
24 required State contribution for State fiscal year 2005 and for  
25 fiscal year 2008 and each fiscal year thereafter, as  
26 calculated under this Section and certified under Section

1 15-165, shall not exceed an amount equal to (i) the amount of  
2 the required State contribution that would have been  
3 calculated under this Section for that fiscal year if the  
4 System had not received any payments under subsection (d) of  
5 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
6 portion of the State's total debt service payments for that  
7 fiscal year on the bonds issued in fiscal year 2003 for the  
8 purposes of that Section 7.2, as determined and certified by  
9 the Comptroller, that is the same as the System's portion of  
10 the total moneys distributed under subsection (d) of Section  
11 7.2 of the General Obligation Bond Act. In determining this  
12 maximum for State fiscal years 2008 through 2010, however, the  
13 amount referred to in item (i) shall be increased, as a  
14 percentage of the applicable employee payroll, in equal  
15 increments calculated from the sum of the required State  
16 contribution for State fiscal year 2007 plus the applicable  
17 portion of the State's total debt service payments for fiscal  
18 year 2007 on the bonds issued in fiscal year 2003 for the  
19 purposes of Section 7.2 of the General Obligation Bond Act, so  
20 that, by State fiscal year 2011, the State is contributing at  
21 the rate otherwise required under this Section.

22 (a-1.5) For State fiscal years 2026 and thereafter, the  
23 minimum or required State contribution to the System shall be  
24 determined by this subsection (a-1.5).

25 (1) General Formula. For State fiscal years 2026  
26 through 2056, the minimum or required State contribution

1 to the System shall be equal to the sum of the Base  
2 Contribution Amount plus the Benefit Change Contribution  
3 Amount.

4 Beginning in State fiscal year 2057, the minimum or  
5 required State contribution for each fiscal year shall be  
6 the amount needed to maintain the total assets of the  
7 System at 100% of the total actuarial liabilities of the  
8 System, but subject to subparagraph (D) of paragraph (3)  
9 of this subsection (a-1.5) as if those provisions applied  
10 to the minimum or required State contribution in the same  
11 manner as the Base Contribution Amount.

12 In addition, the System shall also receive transfers  
13 from the Pension Stabilization Fund (which are not  
14 included when determining the required State contribution  
15 under this subsection (a-1.5)) resulting from proceeds of  
16 the income tax surcharge imposed on individuals, trusts,  
17 and estates by paragraph (1) of subsection (p) of Section  
18 201 of the Illinois Income Tax Act and other transfers  
19 pursuant to the Budget Stabilization Act. Amounts received  
20 by the System pursuant to Section 25 of the Budget  
21 Stabilization Act or Section 8.12 of the State Finance Act  
22 in any fiscal year do not reduce and do not constitute  
23 payment of any portion of the Base Contribution Amount or  
24 the minimum State contribution required under this Article  
25 in that fiscal year.

26 (2) Definitions. For the purposes of this subsection

1       (a-1.5):

2               "Accrued Interest" means, with respect to the  
3               Liabilities Balance at the end of a specific State  
4               fiscal year, the product equal to the assumed rate of  
5               investment return (expressed as a percentage)  
6               multiplied by the Liabilities Balance.

7               "Liabilities Balance" means the total actuarial  
8               liabilities of the System net of the System's assets.

9               "Remaining Ramp Ratio" means a ratio equal to 1  
10              divided by "n", where "n" for a specific State fiscal  
11              year is equal to the number of State fiscal years  
12              remaining through and including State fiscal year  
13              2056, inclusive of both that specific State fiscal  
14              year and State fiscal year 2056. For illustration: for  
15              State fiscal year 2037, "n" is equal to 20; and for  
16              State fiscal year 2056, "n" is equal to 1.

17              "Timing of Payment Adjustment" means an amount  
18              determined by the System to account for a delay in  
19              payment of the Base Contribution Amount to the System.  
20              The System, in consultation with the Governor's Office  
21              of Management and Budget and the Comptroller, shall  
22              make an assumption of the payment schedule (including  
23              timing and amounts) of the Base Contribution Amount  
24              for each State fiscal year. The Timing of Payment  
25              Adjustment for a State fiscal year shall equal the  
26              additional amount necessary to cause (I) the

1 discounted value of the Base Contribution Amount for  
2 that State fiscal year (for this purpose, excluding  
3 the Timing of Payment Adjustment) as paid on the  
4 assumed schedule, discounted at the System's assumed  
5 rate of investment return back to the first day of the  
6 State fiscal year, to be equal to (II) the value of the  
7 Base Contribution Amount for that State fiscal year  
8 (for this purpose, excluding the Timing of Payment  
9 Adjustment) if such amount were paid in full on the  
10 first day of the State fiscal year.

11 (3) Base Contribution Amount.

12 (A) For State fiscal years 2026 through 2035, the  
13 Base Contribution Amount shall be an amount determined  
14 by the System to be sufficient to bring the total  
15 assets of the System up to 90% of the total actuarial  
16 liabilities of the System by the end of State fiscal  
17 year 2046. In making these determinations, the Base  
18 Contribution Amount shall be calculated each year as a  
19 level percentage of payroll over the years remaining  
20 to and including fiscal year 2046 and shall be  
21 determined under the projected unit credit actuarial  
22 cost method.

23 Amounts received by the System pursuant to Section  
24 25 of the Budget Stabilization Act or Section 8.12 of  
25 the State Finance Act in any fiscal year shall not be  
26 included in the calculation of the Base Contribution

1 Amount. Instead, for State fiscal years 2027 through  
2 2036, such amounts, as increased or decreased by the  
3 rate of the System's investment performance during the  
4 relevant period of time, shall be excluded from the  
5 System's assets for the purpose of determining the  
6 Liabilities Balance.

7 (B) For State fiscal year 2037, the Base  
8 Contribution Amount shall be equal to the Base  
9 Contribution Amount for State fiscal year 2036.

10 (C) For State fiscal years 2038 through 2056, the  
11 Base Contribution Amount shall be equal to an amount  
12 determined by the System to be equal to the sum of the  
13 following:

14 (i) the normal cost of the employer  
15 contribution to the System for that fiscal year;

16 plus

17 (ii) the System's assumed administrative,  
18 operational, and investment expenses; plus

19 (iii) the Accrued Interest on the Liabilities  
20 Balance at the end of the prior State fiscal year;

21 plus

22 (iv) an amount equal to the product of (I) the  
23 Liabilities Balance at the end of the prior State  
24 fiscal year multiplied by (II) the Remaining Ramp  
25 Ratio; plus

26 (v) the Timing of Payment Adjustment for that

1           fiscal year. The purpose of the calculation in  
2           this paragraph (3) is to bring the total assets of  
3           the System up to 100% of the total actuarial  
4           liabilities of the System by the end of State  
5           fiscal year 2056.

6           (D) Changes in Assumptions; Gains and Losses. A  
7           change in an actuarial or investment assumption that  
8           increases or decreases the Base Contribution Amount  
9           and first applies in State fiscal year 2042 or  
10           thereafter shall be implemented through a level  
11           payment over a 15-year period beginning in the State  
12           fiscal year in which the actuarial change first  
13           applies to the Base Contribution Amount. Gains and  
14           losses experienced in State fiscal year 2042 or  
15           thereafter shall be implemented through a level  
16           payment over a 15-year period beginning in the State  
17           fiscal year immediately after the State fiscal year in  
18           which the gain or loss was experienced.

19           The level payment, which may be positive (in the  
20           case of an increase in the Base Contribution Amount)  
21           or negative (in the case of a decrease in the Base  
22           Contribution Amount), shall be determined by the  
23           System as follows: first, by determining the  
24           discounted value of the increases or decreases in the  
25           Base Contribution Amount over time, discounted at the  
26           System's assumed rate of investment return back to the

1 first day of the State fiscal year of the relevant  
2 15-year period; and second, by amortizing that  
3 discounted value over 15 years, with an interest rate  
4 equal to the System's assumed rate of investment  
5 return, to result in a level payment. The level  
6 payment amount shall be added to or subtracted from  
7 the Base Contribution Amount otherwise determined  
8 pursuant to this subsection (iii), and the resulting  
9 amount shall be the Base Contribution Amount for all  
10 other purposes of this subsection (a-1.5).

11 (4) Benefit Change Contribution Amount. The  
12 Benefit Change Contribution Amount shall be equal to  
13 100% of the Benefit Change Cost of any enhanced,  
14 expanded, or increased benefits under this Article  
15 taking effect after September 30, 2026, as determined  
16 by the Auditor General pursuant to Article 1B.

17 (a-2) Beginning in fiscal year 2018, each employer under  
18 this Article shall pay to the System a required contribution  
19 determined as a percentage of projected payroll and sufficient  
20 to produce an annual amount equal to:

21 (i) for each of fiscal years 2018, 2019, and 2020, the  
22 defined benefit normal cost of the defined benefit plan,  
23 less the employee contribution, for each employee of that  
24 employer who has elected or who is deemed to have elected  
25 the benefits under Section 1-161 or who has made the  
26 election under subsection (c) of Section 1-161; for fiscal

1 year 2021 and each fiscal year thereafter, the defined  
2 benefit normal cost of the defined benefit plan, less the  
3 employee contribution, plus 2%, for each employee of that  
4 employer who has elected or who is deemed to have elected  
5 the benefits under Section 1-161 or who has made the  
6 election under subsection (c) of Section 1-161; plus

7 (ii) the amount required for that fiscal year to  
8 amortize any unfunded actuarial accrued liability  
9 associated with the present value of liabilities  
10 attributable to the employer's account under Section  
11 15-155.2, determined as a level percentage of payroll over  
12 a 30-year rolling amortization period.

13 In determining contributions required under item (i) of  
14 this subsection, the System shall determine an aggregate rate  
15 for all employers, expressed as a percentage of projected  
16 payroll.

17 In determining the contributions required under item (ii)  
18 of this subsection, the amount shall be computed by the System  
19 on the basis of the actuarial assumptions and tables used in  
20 the most recent actuarial valuation of the System that is  
21 available at the time of the computation.

22 The contributions required under this subsection (a-2)  
23 shall be paid by an employer concurrently with that employer's  
24 payroll payment period. The State, as the actual employer of  
25 an employee, shall make the required contributions under this  
26 subsection.

1           As used in this subsection, "academic year" means the  
2 12-month period beginning September 1.

3           (b) If an employee is paid from trust or federal funds, the  
4 employer shall pay to the Board contributions from those funds  
5 which are sufficient to cover the accruing normal costs on  
6 behalf of the employee. However, universities having employees  
7 who are compensated out of local auxiliary funds, income  
8 funds, or service enterprise funds are not required to pay  
9 such contributions on behalf of those employees. The local  
10 auxiliary funds, income funds, and service enterprise funds of  
11 universities shall not be considered trust funds for the  
12 purpose of this Article, but funds of alumni associations,  
13 foundations, and athletic associations which are affiliated  
14 with the universities included as employers under this Article  
15 and other employers which do not receive State appropriations  
16 are considered to be trust funds for the purpose of this  
17 Article.

18           (b-1) The City of Urbana and the City of Champaign shall  
19 each make employer contributions to this System for their  
20 respective firefighter employees who participate in this  
21 System pursuant to subsection (h) of Section 15-107. The rate  
22 of contributions to be made by those municipalities shall be  
23 determined annually by the Board on the basis of the actuarial  
24 assumptions adopted by the Board and the recommendations of  
25 the actuary, and shall be expressed as a percentage of salary  
26 for each such employee. The Board shall certify the rate to the

1 affected municipalities as soon as may be practical. The  
2 employer contributions required under this subsection shall be  
3 remitted by the municipality to the System at the same time and  
4 in the same manner as employee contributions.

5 (c) Through State fiscal year 1995: The total employer  
6 contribution shall be apportioned among the various funds of  
7 the State and other employers, whether trust, federal, or  
8 other funds, in accordance with actuarial procedures approved  
9 by the Board. State of Illinois contributions for employers  
10 receiving State appropriations for personal services shall be  
11 payable from appropriations made to the employers or to the  
12 System. The contributions for Class I community colleges  
13 covering earnings other than those paid from trust and federal  
14 funds, shall be payable solely from appropriations to the  
15 Illinois Community College Board or the System for employer  
16 contributions.

17 (d) Beginning in State fiscal year 1996, the required  
18 State contributions to the System shall be appropriated  
19 directly to the System and shall be payable through vouchers  
20 issued in accordance with subsection (c) of Section 15-165,  
21 except as provided in subsection (g).

22 (e) The State Comptroller shall draw warrants payable to  
23 the System upon proper certification by the System or by the  
24 employer in accordance with the appropriation laws and this  
25 Code.

26 (f) Normal costs under this Section means liability for

1 pensions and other benefits which accrues to the System  
2 because of the credits earned for service rendered by the  
3 participants during the fiscal year and expenses of  
4 administering the System, but shall not include the principal  
5 of or any redemption premium or interest on any bonds issued by  
6 the Board or any expenses incurred or deposits required in  
7 connection therewith.

8 (g) If the amount of a participant's earnings for any  
9 academic year used to determine the final rate of earnings,  
10 determined on a full-time equivalent basis, exceeds the amount  
11 of his or her earnings with the same employer for the previous  
12 academic year, determined on a full-time equivalent basis, by  
13 more than 6%, the participant's employer shall pay to the  
14 System, in addition to all other payments required under this  
15 Section and in accordance with guidelines established by the  
16 System, the present value of the increase in benefits  
17 resulting from the portion of the increase in earnings that is  
18 in excess of 6%. This present value shall be computed by the  
19 System on the basis of the actuarial assumptions and tables  
20 used in the most recent actuarial valuation of the System that  
21 is available at the time of the computation. The System may  
22 require the employer to provide any pertinent information or  
23 documentation.

24 Whenever it determines that a payment is or may be  
25 required under this subsection (g), the System shall calculate  
26 the amount of the payment and bill the employer for that

1 amount. The bill shall specify the calculations used to  
2 determine the amount due. If the employer disputes the amount  
3 of the bill, it may, within 30 days after receipt of the bill,  
4 apply to the System in writing for a recalculation. The  
5 application must specify in detail the grounds of the dispute  
6 and, if the employer asserts that the calculation is subject  
7 to subsection (h), (h-5), or (i) of this Section, must include  
8 an affidavit setting forth and attesting to all facts within  
9 the employer's knowledge that are pertinent to the  
10 applicability of that subsection. Upon receiving a timely  
11 application for recalculation, the System shall review the  
12 application and, if appropriate, recalculate the amount due.

13 The employer contributions required under this subsection  
14 (g) may be paid in the form of a lump sum within 90 days after  
15 receipt of the bill. If the employer contributions are not  
16 paid within 90 days after receipt of the bill, then interest  
17 will be charged at a rate equal to the System's annual  
18 actuarially assumed rate of return on investment compounded  
19 annually from the 91st day after receipt of the bill. Payments  
20 must be concluded within 3 years after the employer's receipt  
21 of the bill.

22 When assessing payment for any amount due under this  
23 subsection (g), the System shall include earnings, to the  
24 extent not established by a participant under Section  
25 15-113.11 or 15-113.12, that would have been paid to the  
26 participant had the participant not taken (i) periods of

1 voluntary or involuntary furlough occurring on or after July  
2 1, 2015 and on or before June 30, 2017 or (ii) periods of  
3 voluntary pay reduction in lieu of furlough occurring on or  
4 after July 1, 2015 and on or before June 30, 2017. Determining  
5 earnings that would have been paid to a participant had the  
6 participant not taken periods of voluntary or involuntary  
7 furlough or periods of voluntary pay reduction shall be the  
8 responsibility of the employer, and shall be reported in a  
9 manner prescribed by the System.

10 This subsection (g) does not apply to (1) Tier 2 hybrid  
11 plan members and (2) Tier 2 defined benefit members who first  
12 participate under this Article on or after the implementation  
13 date of the Optional Hybrid Plan.

14 (g-1) (Blank).

15 (h) This subsection (h) applies only to payments made or  
16 salary increases given on or after June 1, 2005 but before July  
17 1, 2011. The changes made by Public Act 94-1057 shall not  
18 require the System to refund any payments received before July  
19 31, 2006 (the effective date of Public Act 94-1057).

20 When assessing payment for any amount due under subsection  
21 (g), the System shall exclude earnings increases paid to  
22 participants under contracts or collective bargaining  
23 agreements entered into, amended, or renewed before June 1,  
24 2005.

25 When assessing payment for any amount due under subsection  
26 (g), the System shall exclude earnings increases paid to a

1 participant at a time when the participant is 10 or more years  
2 from retirement eligibility under Section 15-135.

3 When assessing payment for any amount due under subsection  
4 (g), the System shall exclude earnings increases resulting  
5 from overload work, including a contract for summer teaching,  
6 or overtime when the employer has certified to the System, and  
7 the System has approved the certification, that: (i) in the  
8 case of overloads (A) the overload work is for the sole purpose  
9 of academic instruction in excess of the standard number of  
10 instruction hours for a full-time employee occurring during  
11 the academic year that the overload is paid and (B) the  
12 earnings increases are equal to or less than the rate of pay  
13 for academic instruction computed using the participant's  
14 current salary rate and work schedule; and (ii) in the case of  
15 overtime, the overtime was necessary for the educational  
16 mission.

17 When assessing payment for any amount due under subsection  
18 (g), the System shall exclude any earnings increase resulting  
19 from (i) a promotion for which the employee moves from one  
20 classification to a higher classification under the State  
21 Universities Civil Service System, (ii) a promotion in  
22 academic rank for a tenured or tenure-track faculty position,  
23 or (iii) a promotion that the Illinois Community College Board  
24 has recommended in accordance with subsection (k) of this  
25 Section. These earnings increases shall be excluded only if  
26 the promotion is to a position that has existed and been filled

1 by a member for no less than one complete academic year and the  
2 earnings increase as a result of the promotion is an increase  
3 that results in an amount no greater than the average salary  
4 paid for other similar positions.

5 (h-5) When assessing payment for any amount due under  
6 subsection (g), the System shall exclude any earnings increase  
7 paid in an academic year beginning on or after July 1, 2020  
8 resulting from overload work performed in an academic year  
9 subsequent to an academic year in which the employer was  
10 unable to offer or allow to be conducted overload work due to  
11 an emergency declaration limiting such activities.

12 (i) When assessing payment for any amount due under  
13 subsection (g), the System shall exclude any salary increase  
14 described in subsection (h) of this Section given on or after  
15 July 1, 2011 but before July 1, 2014 under a contract or  
16 collective bargaining agreement entered into, amended, or  
17 renewed on or after June 1, 2005 but before July 1, 2011.  
18 Except as provided in subsection (h-5), any payments made or  
19 salary increases given after June 30, 2014 shall be used in  
20 assessing payment for any amount due under subsection (g) of  
21 this Section.

22 (j) The System shall prepare a report and file copies of  
23 the report with the Governor and the General Assembly by  
24 January 1, 2007 that contains all of the following  
25 information:

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for  
2 each employer.

3 (2) The dollar amount by which each employer's  
4 contribution to the System was changed due to  
5 recalculations required by Public Act 94-1057.

6 (3) The total amount the System received from each  
7 employer as a result of the changes made to this Section by  
8 Public Act 94-4.

9 (4) The increase in the required State contribution  
10 resulting from the changes made to this Section by Public  
11 Act 94-1057.

12 (j-5) For State fiscal years beginning on or after July 1,  
13 2017, if the amount of a participant's earnings for any State  
14 fiscal year exceeds the amount of the salary set by law for the  
15 Governor that is in effect on July 1 of that fiscal year, the  
16 participant's employer shall pay to the System, in addition to  
17 all other payments required under this Section and in  
18 accordance with guidelines established by the System, an  
19 amount determined by the System to be equal to the employer  
20 normal cost, as established by the System and expressed as a  
21 total percentage of payroll, multiplied by the amount of  
22 earnings in excess of the amount of the salary set by law for  
23 the Governor. This amount shall be computed by the System on  
24 the basis of the actuarial assumptions and tables used in the  
25 most recent actuarial valuation of the System that is  
26 available at the time of the computation. The System may

1 require the employer to provide any pertinent information or  
2 documentation.

3 Whenever it determines that a payment is or may be  
4 required under this subsection, the System shall calculate the  
5 amount of the payment and bill the employer for that amount.  
6 The bill shall specify the calculation used to determine the  
7 amount due. If the employer disputes the amount of the bill, it  
8 may, within 30 days after receipt of the bill, apply to the  
9 System in writing for a recalculation. The application must  
10 specify in detail the grounds of the dispute. Upon receiving a  
11 timely application for recalculation, the System shall review  
12 the application and, if appropriate, recalculate the amount  
13 due.

14 The employer contributions required under this subsection  
15 may be paid in the form of a lump sum within 90 days after  
16 issuance of the bill. If the employer contributions are not  
17 paid within 90 days after issuance of the bill, then interest  
18 will be charged at a rate equal to the System's annual  
19 actuarially assumed rate of return on investment compounded  
20 annually from the 91st day after issuance of the bill. All  
21 payments must be received within 3 years after issuance of the  
22 bill. If the employer fails to make complete payment,  
23 including applicable interest, within 3 years, then the System  
24 may, after giving notice to the employer, certify the  
25 delinquent amount to the State Comptroller, and the  
26 Comptroller shall thereupon deduct the certified delinquent

1 amount from State funds payable to the employer and pay them  
2 instead to the System.

3 This subsection (j-5) does not apply to a participant's  
4 earnings to the extent an employer pays the employer normal  
5 cost of such earnings.

6 The changes made to this subsection (j-5) by Public Act  
7 100-624 are intended to apply retroactively to July 6, 2017  
8 (the effective date of Public Act 100-23).

9 (k) The Illinois Community College Board shall adopt rules  
10 for recommending lists of promotional positions submitted to  
11 the Board by community colleges and for reviewing the  
12 promotional lists on an annual basis. When recommending  
13 promotional lists, the Board shall consider the similarity of  
14 the positions submitted to those positions recognized for  
15 State universities by the State Universities Civil Service  
16 System. The Illinois Community College Board shall file a copy  
17 of its findings with the System. The System shall consider the  
18 findings of the Illinois Community College Board when making  
19 determinations under this Section. The System shall not  
20 exclude any earnings increases resulting from a promotion when  
21 the promotion was not submitted by a community college.  
22 Nothing in this subsection (k) shall require any community  
23 college to submit any information to the Community College  
24 Board.

25 (l) For purposes of determining the required State  
26 contribution to the System, the value of the System's assets

1 shall be equal to the actuarial value of the System's assets,  
2 which shall be calculated as follows:

3 As of June 30, 2008, the actuarial value of the System's  
4 assets shall be equal to the market value of the assets as of  
5 that date. In determining the actuarial value of the System's  
6 assets for fiscal years after June 30, 2008, any actuarial  
7 gains or losses from investment return incurred in a fiscal  
8 year shall be recognized in equal annual amounts over the  
9 5-year period following that fiscal year.

10 (m) For purposes of determining the required State  
11 contribution to the system for a particular year, the  
12 actuarial value of assets shall be assumed to earn a rate of  
13 return equal to the system's actuarially assumed rate of  
14 return.

15 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
16 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-764, eff.  
17 5-13-22.)

18 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

19 Sec. 16-158. Contributions by State and other employing  
20 units.

21 (a) The State shall make contributions to the System by  
22 means of appropriations from the Common School Fund and other  
23 State funds of amounts which, together with other employer  
24 contributions, employee contributions, investment income, and  
25 other income, will be sufficient to meet the cost of

1 maintaining and administering the System on a 90% funded basis  
2 in accordance with actuarial recommendations.

3 The Board shall determine the amount of State  
4 contributions required for each fiscal year on the basis of  
5 the actuarial tables and other assumptions adopted by the  
6 Board and the recommendations of the actuary, using the  
7 formula in subsection (b-3) or (b-3.5), as applicable.

8 (a-1) Annually, on or before November 15 until November  
9 15, 2011, the Board shall certify to the Governor the amount of  
10 the required State contribution for the coming fiscal year.  
11 The certification under this subsection (a-1) shall include a  
12 copy of the actuarial recommendations upon which it is based  
13 and shall specifically identify the System's projected State  
14 normal cost for that fiscal year.

15 On or before May 1, 2004, the Board shall recalculate and  
16 recertify to the Governor the amount of the required State  
17 contribution to the System for State fiscal year 2005, taking  
18 into account the amounts appropriated to and received by the  
19 System under subsection (d) of Section 7.2 of the General  
20 Obligation Bond Act.

21 On or before July 1, 2005, the Board shall recalculate and  
22 recertify to the Governor the amount of the required State  
23 contribution to the System for State fiscal year 2006, taking  
24 into account the changes in required State contributions made  
25 by Public Act 94-4.

26 On or before April 1, 2011, the Board shall recalculate

1 and recertify to the Governor the amount of the required State  
2 contribution to the System for State fiscal year 2011,  
3 applying the changes made by Public Act 96-889 to the System's  
4 assets and liabilities as of June 30, 2009 as though Public Act  
5 96-889 was approved on that date.

6 (a-5) On or before November 1 of each year, beginning  
7 November 1, 2012, the Board shall submit to the State Actuary,  
8 the Governor, and the General Assembly a proposed  
9 certification of the amount of the required State contribution  
10 to the System for the next fiscal year, along with all of the  
11 actuarial assumptions, calculations, and data upon which that  
12 proposed certification is based. On or before January 1 of  
13 each year, beginning January 1, 2013, the State Actuary shall  
14 issue a preliminary report concerning the proposed  
15 certification and identifying, if necessary, recommended  
16 changes in actuarial assumptions that the Board must consider  
17 before finalizing its certification of the required State  
18 contributions. On or before January 15, 2013 and each January  
19 15 thereafter, the Board shall certify to the Governor and the  
20 General Assembly the amount of the required State contribution  
21 for the next fiscal year. The Board's certification must note  
22 any deviations from the State Actuary's recommended changes,  
23 the reason or reasons for not following the State Actuary's  
24 recommended changes, and the fiscal impact of not following  
25 the State Actuary's recommended changes on the required State  
26 contribution.

1 (a-10) By November 1, 2017, the Board shall recalculate  
2 and recertify to the State Actuary, the Governor, and the  
3 General Assembly the amount of the State contribution to the  
4 System for State fiscal year 2018, taking into account the  
5 changes in required State contributions made by Public Act  
6 100-23. The State Actuary shall review the assumptions and  
7 valuations underlying the Board's revised certification and  
8 issue a preliminary report concerning the proposed  
9 recertification and identifying, if necessary, recommended  
10 changes in actuarial assumptions that the Board must consider  
11 before finalizing its certification of the required State  
12 contributions. The Board's final certification must note any  
13 deviations from the State Actuary's recommended changes, the  
14 reason or reasons for not following the State Actuary's  
15 recommended changes, and the fiscal impact of not following  
16 the State Actuary's recommended changes on the required State  
17 contribution.

18 (a-15) On or after June 15, 2019, but no later than June  
19 30, 2019, the Board shall recalculate and recertify to the  
20 Governor and the General Assembly the amount of the State  
21 contribution to the System for State fiscal year 2019, taking  
22 into account the changes in required State contributions made  
23 by Public Act 100-587. The recalculation shall be made using  
24 assumptions adopted by the Board for the original fiscal year  
25 2019 certification. The monthly voucher for the 12th month of  
26 fiscal year 2019 shall be paid by the Comptroller after the

1 recertification required pursuant to this subsection is  
2 submitted to the Governor, Comptroller, and General Assembly.  
3 The recertification submitted to the General Assembly shall be  
4 filed with the Clerk of the House of Representatives and the  
5 Secretary of the Senate in electronic form only, in the manner  
6 that the Clerk and the Secretary shall direct.

7 (b) Through State fiscal year 1995, the State  
8 contributions shall be paid to the System in accordance with  
9 Section 18-7 of the School Code.

10 (b-1) Unless otherwise directed by the Comptroller under  
11 subsection (b-1.1), the Board shall submit vouchers for  
12 payment of State contributions to the System for the  
13 applicable month on the 15th day of each month, or as soon  
14 thereafter as may be practicable. The amount vouchered for a  
15 monthly payment shall total one-twelfth of the required annual  
16 State contribution certified under subsection (a-1).

17 (b-1.1) Beginning in State fiscal year 2025, if the  
18 Comptroller requests that the Board submit, during a State  
19 fiscal year, vouchers for multiple monthly payments for the  
20 advance payment of State contributions due to the System for  
21 that State fiscal year, then the Board shall submit those  
22 additional vouchers as directed by the Comptroller,  
23 notwithstanding subsection (b-1). Unless an act of  
24 appropriations provides otherwise, nothing in this Section  
25 authorizes the Board to submit, in a State fiscal year,  
26 vouchers for the payment of State contributions to the System

1 in an amount that exceeds the rate of payroll that is certified  
2 by the System under this Section for that State fiscal year.

3 (b-1.2) The vouchers described in subsections (b-1) and  
4 (b-1.1) shall be paid by the State Comptroller and Treasurer  
5 by warrants drawn on the funds appropriated to the System for  
6 that fiscal year.

7 If in any month the amount remaining unexpended from all  
8 other appropriations to the System for the applicable fiscal  
9 year (including the appropriations to the System under Section  
10 8.12 of the State Finance Act and Section 1 of the State  
11 Pension Funds Continuing Appropriation Act) is less than the  
12 amount lawfully vouchered under this subsection, the  
13 difference shall be paid from the Common School Fund under the  
14 continuing appropriation authority provided in Section 1.1 of  
15 the State Pension Funds Continuing Appropriation Act.

16 (b-2) Allocations from the Common School Fund apportioned  
17 to school districts not coming under this System shall not be  
18 diminished or affected by the provisions of this Article.

19 (b-3) For State fiscal years 2012 through 2025 ~~2045~~, the  
20 minimum contribution to the System to be made by the State for  
21 each fiscal year shall be an amount determined by the System to  
22 be sufficient to bring the total assets of the System up to 90%  
23 of the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a  
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

3 For each of State fiscal years 2018, 2019, and 2020, the  
4 State shall make an additional contribution to the System  
5 equal to 2% of the total payroll of each employee who is deemed  
6 to have elected the benefits under Section 1-161 or who has  
7 made the election under subsection (c) of Section 1-161.

8 A change in an actuarial or investment assumption that  
9 increases or decreases the required State contribution and  
10 first applies in State fiscal year 2018 or thereafter shall be  
11 implemented in equal annual amounts over a 5-year period  
12 beginning in the State fiscal year in which the actuarial  
13 change first applies to the required State contribution.

14 A change in an actuarial or investment assumption that  
15 increases or decreases the required State contribution and  
16 first applied to the State contribution in fiscal year 2014,  
17 2015, 2016, or 2017 shall be implemented:

18 (i) as already applied in State fiscal years before  
19 2018; and

20 (ii) in the portion of the 5-year period beginning in  
21 the State fiscal year in which the actuarial change first  
22 applied that occurs in State fiscal year 2018 or  
23 thereafter, by calculating the change in equal annual  
24 amounts over that 5-year period and then implementing it  
25 at the resulting annual rate in each of the remaining  
26 fiscal years in that 5-year period.

1 For State fiscal years 1996 through 2005, the State  
2 contribution to the System, as a percentage of the applicable  
3 employee payroll, shall be increased in equal annual  
4 increments so that by State fiscal year 2011, the State is  
5 contributing at the rate required under this Section; except  
6 that in the following specified State fiscal years, the State  
7 contribution to the System shall not be less than the  
8 following indicated percentages of the applicable employee  
9 payroll, even if the indicated percentage will produce a State  
10 contribution in excess of the amount otherwise required under  
11 this subsection and subsection (a), and notwithstanding any  
12 contrary certification made under subsection (a-1) before May  
13 27, 1998 (the effective date of Public Act 90-582): 10.02% in  
14 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY  
15 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

16 Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2006  
18 is \$534,627,700.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2007  
21 is \$738,014,500.

22 For each of State fiscal years 2008 through 2009, the  
23 State contribution to the System, as a percentage of the  
24 applicable employee payroll, shall be increased in equal  
25 annual increments from the required State contribution for  
26 State fiscal year 2007, so that by State fiscal year 2011, the

1 State is contributing at the rate otherwise required under  
2 this Section.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2010  
5 is \$2,089,268,000 and shall be made from the proceeds of bonds  
6 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
7 Obligation Bond Act, less (i) the pro rata share of bond sale  
8 expenses determined by the System's share of total bond  
9 proceeds, (ii) any amounts received from the Common School  
10 Fund in fiscal year 2010, and (iii) any reduction in bond  
11 proceeds due to the issuance of discounted bonds, if  
12 applicable.

13 Notwithstanding any other provision of this Article, the  
14 total required State contribution for State fiscal year 2011  
15 is the amount recertified by the System on or before April 1,  
16 2011 pursuant to subsection (a-1) of this Section and shall be  
17 made from the proceeds of bonds sold in fiscal year 2011  
18 pursuant to Section 7.2 of the General Obligation Bond Act,  
19 less (i) the pro rata share of bond sale expenses determined by  
20 the System's share of total bond proceeds, (ii) any amounts  
21 received from the Common School Fund in fiscal year 2011, and  
22 (iii) any reduction in bond proceeds due to the issuance of  
23 discounted bonds, if applicable. This amount shall include, in  
24 addition to the amount certified by the System, an amount  
25 necessary to meet employer contributions required by the State  
26 as an employer under paragraph (e) of this Section, which may

1 also be used by the System for contributions required by  
2 paragraph (a) of Section 16-127.

3 ~~Beginning in State fiscal year 2046, the minimum State~~  
4 ~~contribution for each fiscal year shall be the amount needed~~  
5 ~~to maintain the total assets of the System at 90% of the total~~  
6 ~~actuarial liabilities of the System.~~

7 Amounts received by the System pursuant to Section 25 of  
8 the Budget Stabilization Act or Section 8.12 of the State  
9 Finance Act in any fiscal year do not reduce and do not  
10 constitute payment of any portion of the minimum State  
11 contribution required under this Article in that fiscal year.  
12 Such amounts shall not reduce, and shall not be included in the  
13 calculation of, the required State contributions under this  
14 Article in any future year until the System has reached a  
15 funding ratio of at least 90%. A reference in this Article to  
16 the "required State contribution" or any substantially similar  
17 term does not include or apply to any amounts payable to the  
18 System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the  
20 required State contribution for State fiscal year 2005 and for  
21 fiscal year 2008 and each fiscal year thereafter, as  
22 calculated under this Section and certified under subsection  
23 (a-1), shall not exceed an amount equal to (i) the amount of  
24 the required State contribution that would have been  
25 calculated under this Section for that fiscal year if the  
26 System had not received any payments under subsection (d) of

1 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
2 portion of the State's total debt service payments for that  
3 fiscal year on the bonds issued in fiscal year 2003 for the  
4 purposes of that Section 7.2, as determined and certified by  
5 the Comptroller, that is the same as the System's portion of  
6 the total moneys distributed under subsection (d) of Section  
7 7.2 of the General Obligation Bond Act. In determining this  
8 maximum for State fiscal years 2008 through 2010, however, the  
9 amount referred to in item (i) shall be increased, as a  
10 percentage of the applicable employee payroll, in equal  
11 increments calculated from the sum of the required State  
12 contribution for State fiscal year 2007 plus the applicable  
13 portion of the State's total debt service payments for fiscal  
14 year 2007 on the bonds issued in fiscal year 2003 for the  
15 purposes of Section 7.2 of the General Obligation Bond Act, so  
16 that, by State fiscal year 2011, the State is contributing at  
17 the rate otherwise required under this Section.

18 (b-3.5) For State fiscal years 2026 and thereafter, the  
19 minimum or required State contribution to the System shall be  
20 determined by this subsection (b-3.5).

21 (1) General Formula. For State fiscal years 2026  
22 through 2056, the minimum or required State contribution  
23 to the System shall be equal to the sum of the Base  
24 Contribution Amount plus the Benefit Change Contribution  
25 Amount.

26 Beginning in State fiscal year 2057, the minimum or

1 required State contribution for each fiscal year shall be  
2 the amount needed to maintain the total assets of the  
3 System at 100% of the total actuarial liabilities of the  
4 System, but subject to subparagraph (D) of paragraph (3)  
5 of this subsection (b-3.5) as if those provisions applied  
6 to the minimum or required State contribution in the same  
7 manner as the Base Contribution Amount.

8 In addition, the System shall also receive transfers  
9 from the Pension Stabilization Fund (which are not  
10 included when determining the required State contribution  
11 under this subsection (b-3.5)) resulting from proceeds of  
12 the income tax surcharge imposed on individuals, trusts,  
13 and estates by paragraph (1) of subsection (p) of Section  
14 201 of the Illinois Income Tax Act and other transfers  
15 pursuant to the Budget Stabilization Act. Amounts received  
16 by the System pursuant to Section 25 of the Budget  
17 Stabilization Act or Section 8.12 of the State Finance Act  
18 in any fiscal year do not reduce and do not constitute  
19 payment of any portion of the Base Contribution Amount or  
20 the minimum State contribution required under this Article  
21 in that fiscal year.

22 (2) Definitions. For the purposes of this subsection  
23 (b-3.5):

24 "Accrued Interest" means, with respect to the  
25 Liabilities Balance at the end of a specific State fiscal  
26 year, the product equal to the assumed rate of investment

1 return (expressed as a percentage) multiplied by the  
2 Liabilities Balance.

3 "Liabilities Balance" means the total actuarial  
4 liabilities of the System net of the System's assets.

5 "Remaining Ramp Ratio" means a ratio equal to 1  
6 divided by "n", where "n" for a specific State fiscal year  
7 is equal to the number of State fiscal years remaining  
8 through and including State fiscal year 2056, inclusive of  
9 both that specific State fiscal year and State fiscal year  
10 2056. For illustration: for State fiscal year 2037, "n" is  
11 equal to 20; and for State fiscal year 2056, "n" is equal  
12 to 1.

13 "Timing of Payment Adjustment" means an amount  
14 determined by the System to account for a delay in payment  
15 of the Base Contribution Amount to the System. The System,  
16 in consultation with the Governor's Office of Management  
17 and Budget and the Comptroller, shall make an assumption  
18 of the payment schedule (including timing and amounts) of  
19 the Base Contribution Amount for each State fiscal year.  
20 The Timing of Payment Adjustment for a State fiscal year  
21 shall equal the additional amount necessary to cause (I)  
22 the discounted value of the Base Contribution Amount for  
23 that State fiscal year (for this purpose, excluding the  
24 Timing of Payment Adjustment) as paid on the assumed  
25 schedule, discounted at the System's assumed rate of  
26 investment return back to the first day of the State

1 fiscal year, to be equal to (II) the value of the Base  
2 Contribution Amount for that State fiscal year (for this  
3 purpose, excluding the Timing of Payment Adjustment) if  
4 such amount were paid in full on the first day of the State  
5 fiscal year.

6 (3) Base Contribution Amount.

7 (A) For State fiscal years 2026 through 2035, the  
8 Base Contribution Amount shall be an amount determined  
9 by the System to be sufficient to bring the total  
10 assets of the System up to 90% of the total actuarial  
11 liabilities of the System by the end of State fiscal  
12 year 2046. In making these determinations, the Base  
13 Contribution Amount shall be calculated each year as a  
14 level percentage of payroll over the years remaining  
15 to and including fiscal year 2046 and shall be  
16 determined under the projected unit credit actuarial  
17 cost method.

18 Amounts received by the System pursuant to Section  
19 25 of the Budget Stabilization Act or Section 8.12 of  
20 the State Finance Act in any fiscal year shall not be  
21 included in the calculation of the Base Contribution  
22 Amount. Instead, for State fiscal years 2027 through  
23 2036, such amounts, as increased or decreased by the  
24 rate of the System's investment performance during the  
25 relevant period of time, shall be excluded from the  
26 System's assets for the purpose of determining the

1           Liabilities Balance.

2           (B) For State fiscal year 2037, the Base  
3           Contribution Amount shall be equal to the Base  
4           Contribution Amount for State fiscal year 2036.

5           (C) For State fiscal years 2038 through 2056, the  
6           Base Contribution Amount shall be equal to an amount  
7           determined by the System to be equal to the sum of the  
8           following:

9                   (i) the normal cost of the employer  
10                   contribution to the System for that fiscal year;  
11                   plus

12                   (ii) the System's assumed administrative,  
13                   operational, and investment expenses; plus

14                   (iii) the Accrued Interest on the Liabilities  
15                   Balance at the end of the prior State fiscal year;  
16                   plus

17                   (iv) an amount equal to the product of (I) the  
18                   Liabilities Balance at the end of the prior State  
19                   fiscal year multiplied by (II) the Remaining Ramp  
20                   Ratio; plus

21                   (v) the Timing of Payment Adjustment for that  
22                   fiscal year. The purpose of the calculation in  
23                   this paragraph (3) is to bring the total assets of  
24                   the System up to 100% of the total actuarial  
25                   liabilities of the System by the end of State  
26                   fiscal year 2056.

1           (D) Changes in Assumptions; Gains and Losses. A  
2           change in an actuarial or investment assumption that  
3           increases or decreases the Base Contribution Amount  
4           and first applies in State fiscal year 2042 or  
5           thereafter shall be implemented through a level  
6           payment over a 15-year period beginning in the State  
7           fiscal year in which the actuarial change first  
8           applies to the Base Contribution Amount. Gains and  
9           losses experienced in State fiscal year 2042 or  
10           thereafter shall be implemented through a level  
11           payment over a 15-year period beginning in the State  
12           fiscal year immediately after the State fiscal year in  
13           which the gain or loss was experienced.

14           The level payment, which may be positive (in the  
15           case of an increase in the Base Contribution Amount)  
16           or negative (in the case of a decrease in the Base  
17           Contribution Amount), shall be determined by the  
18           System as follows: first, by determining the  
19           discounted value of the increases or decreases in the  
20           Base Contribution Amount over time, discounted at the  
21           System's assumed rate of investment return back to the  
22           first day of the State fiscal year of the relevant  
23           15-year period; and second, by amortizing that  
24           discounted value over 15 years, with an interest rate  
25           equal to the System's assumed rate of investment  
26           return, to result in a level payment. The level

1           payment amount shall be added to or subtracted from  
2           the Base Contribution Amount otherwise determined  
3           pursuant to this subsection (iii), and the resulting  
4           amount shall be the Base Contribution Amount for all  
5           other purposes of this subsection (b-3.5).

6           (4) Benefit Change Contribution Amount. The Benefit  
7           Change Contribution Amount shall be equal to 100% of the  
8           Benefit Change Cost of any enhanced, expanded, or  
9           increased benefits under this Article taking effect after  
10           September 30, 2026, as determined by the Auditor General  
11           pursuant to Article 1B.

12           (b-4) Beginning in fiscal year 2018, each employer under  
13 this Article shall pay to the System a required contribution  
14 determined as a percentage of projected payroll and sufficient  
15 to produce an annual amount equal to:

16           (i) for each of fiscal years 2018, 2019, and 2020, the  
17 defined benefit normal cost of the defined benefit plan,  
18 less the employee contribution, for each employee of that  
19 employer who has elected or who is deemed to have elected  
20 the benefits under Section 1-161 or who has made the  
21 election under subsection (b) of Section 1-161; for fiscal  
22 year 2021 and each fiscal year thereafter, the defined  
23 benefit normal cost of the defined benefit plan, less the  
24 employee contribution, plus 2%, for each employee of that  
25 employer who has elected or who is deemed to have elected  
26 the benefits under Section 1-161 or who has made the

1 election under subsection (b) of Section 1-161; plus  
2 (ii) the amount required for that fiscal year to  
3 amortize any unfunded actuarial accrued liability  
4 associated with the present value of liabilities  
5 attributable to the employer's account under Section  
6 16-158.3, determined as a level percentage of payroll over  
7 a 30-year rolling amortization period.

8 In determining contributions required under item (i) of  
9 this subsection, the System shall determine an aggregate rate  
10 for all employers, expressed as a percentage of projected  
11 payroll.

12 In determining the contributions required under item (ii)  
13 of this subsection, the amount shall be computed by the System  
14 on the basis of the actuarial assumptions and tables used in  
15 the most recent actuarial valuation of the System that is  
16 available at the time of the computation.

17 The contributions required under this subsection (b-4)  
18 shall be paid by an employer concurrently with that employer's  
19 payroll payment period. The State, as the actual employer of  
20 an employee, shall make the required contributions under this  
21 subsection.

22 (c) Payment of the required State contributions and of all  
23 pensions, retirement annuities, death benefits, refunds, and  
24 other benefits granted under or assumed by this System, and  
25 all expenses in connection with the administration and  
26 operation thereof, are obligations of the State.

1           If members are paid from special trust or federal funds  
2 which are administered by the employing unit, whether school  
3 district or other unit, the employing unit shall pay to the  
4 System from such funds the full accruing retirement costs  
5 based upon that service, which, beginning July 1, 2017, shall  
6 be at a rate, expressed as a percentage of salary, equal to the  
7 total employer's normal cost, expressed as a percentage of  
8 payroll, as determined by the System. Employer contributions,  
9 based on salary paid to members from federal funds, may be  
10 forwarded by the distributing agency of the State of Illinois  
11 to the System prior to allocation, in an amount determined in  
12 accordance with guidelines established by such agency and the  
13 System. Any contribution for fiscal year 2015 collected as a  
14 result of the change made by Public Act 98-674 shall be  
15 considered a State contribution under subsection (b-3) of this  
16 Section.

17           (d) Effective July 1, 1986, any employer of a teacher as  
18 defined in paragraph (8) of Section 16-106 shall pay the  
19 employer's normal cost of benefits based upon the teacher's  
20 service, in addition to employee contributions, as determined  
21 by the System. Such employer contributions shall be forwarded  
22 monthly in accordance with guidelines established by the  
23 System.

24           However, with respect to benefits granted under Section  
25 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
26 of Section 16-106, the employer's contribution shall be 12%

1 (rather than 20%) of the member's highest annual salary rate  
2 for each year of creditable service granted, and the employer  
3 shall also pay the required employee contribution on behalf of  
4 the teacher. For the purposes of Sections 16-133.4 and  
5 16-133.5, a teacher as defined in paragraph (8) of Section  
6 16-106 who is serving in that capacity while on leave of  
7 absence from another employer under this Article shall not be  
8 considered an employee of the employer from which the teacher  
9 is on leave.

10 (e) Beginning July 1, 1998, every employer of a teacher  
11 shall pay to the System an employer contribution computed as  
12 follows:

13 (1) Beginning July 1, 1998 through June 30, 1999, the  
14 employer contribution shall be equal to 0.3% of each  
15 teacher's salary.

16 (2) Beginning July 1, 1999 and thereafter, the  
17 employer contribution shall be equal to 0.58% of each  
18 teacher's salary.

19 The school district or other employing unit may pay these  
20 employer contributions out of any source of funding available  
21 for that purpose and shall forward the contributions to the  
22 System on the schedule established for the payment of member  
23 contributions.

24 These employer contributions are intended to offset a  
25 portion of the cost to the System of the increases in  
26 retirement benefits resulting from Public Act 90-582.

1 Each employer of teachers is entitled to a credit against  
2 the contributions required under this subsection (e) with  
3 respect to salaries paid to teachers for the period January 1,  
4 2002 through June 30, 2003, equal to the amount paid by that  
5 employer under subsection (a-5) of Section 6.6 of the State  
6 Employees Group Insurance Act of 1971 with respect to salaries  
7 paid to teachers for that period.

8 The additional 1% employee contribution required under  
9 Section 16-152 by Public Act 90-582 is the responsibility of  
10 the teacher and not the teacher's employer, unless the  
11 employer agrees, through collective bargaining or otherwise,  
12 to make the contribution on behalf of the teacher.

13 If an employer is required by a contract in effect on May  
14 1, 1998 between the employer and an employee organization to  
15 pay, on behalf of all its full-time employees covered by this  
16 Article, all mandatory employee contributions required under  
17 this Article, then the employer shall be excused from paying  
18 the employer contribution required under this subsection (e)  
19 for the balance of the term of that contract. The employer and  
20 the employee organization shall jointly certify to the System  
21 the existence of the contractual requirement, in such form as  
22 the System may prescribe. This exclusion shall cease upon the  
23 termination, extension, or renewal of the contract at any time  
24 after May 1, 1998.

25 (f) If the amount of a teacher's salary for any school year  
26 used to determine final average salary exceeds the member's

1 annual full-time salary rate with the same employer for the  
2 previous school year by more than 6%, the teacher's employer  
3 shall pay to the System, in addition to all other payments  
4 required under this Section and in accordance with guidelines  
5 established by the System, the present value of the increase  
6 in benefits resulting from the portion of the increase in  
7 salary that is in excess of 6%. This present value shall be  
8 computed by the System on the basis of the actuarial  
9 assumptions and tables used in the most recent actuarial  
10 valuation of the System that is available at the time of the  
11 computation. If a teacher's salary for the 2005-2006 school  
12 year is used to determine final average salary under this  
13 subsection (f), then the changes made to this subsection (f)  
14 by Public Act 94-1057 shall apply in calculating whether the  
15 increase in his or her salary is in excess of 6%. For the  
16 purposes of this Section, change in employment under Section  
17 10-21.12 of the School Code on or after June 1, 2005 shall  
18 constitute a change in employer. The System may require the  
19 employer to provide any pertinent information or  
20 documentation. The changes made to this subsection (f) by  
21 Public Act 94-1111 apply without regard to whether the teacher  
22 was in service on or after its effective date.

23 Whenever it determines that a payment is or may be  
24 required under this subsection, the System shall calculate the  
25 amount of the payment and bill the employer for that amount.  
26 The bill shall specify the calculations used to determine the

1 amount due. If the employer disputes the amount of the bill, it  
2 may, within 30 days after receipt of the bill, apply to the  
3 System in writing for a recalculation. The application must  
4 specify in detail the grounds of the dispute and, if the  
5 employer asserts that the calculation is subject to subsection  
6 (g), (g-5), (g-10), (g-15), (g-20), or (h) of this Section,  
7 must include an affidavit setting forth and attesting to all  
8 facts within the employer's knowledge that are pertinent to  
9 the applicability of that subsection. Upon receiving a timely  
10 application for recalculation, the System shall review the  
11 application and, if appropriate, recalculate the amount due.

12 The employer contributions required under this subsection  
13 (f) may be paid in the form of a lump sum within 90 days after  
14 receipt of the bill. If the employer contributions are not  
15 paid within 90 days after receipt of the bill, then interest  
16 will be charged at a rate equal to the System's annual  
17 actuarially assumed rate of return on investment compounded  
18 annually from the 91st day after receipt of the bill. Payments  
19 must be concluded within 3 years after the employer's receipt  
20 of the bill.

21 (f-1) (Blank).

22 (g) This subsection (g) applies only to payments made or  
23 salary increases given on or after June 1, 2005 but before July  
24 1, 2011. The changes made by Public Act 94-1057 shall not  
25 require the System to refund any payments received before July  
26 31, 2006 (the effective date of Public Act 94-1057).

1           When assessing payment for any amount due under subsection  
2 (f), the System shall exclude salary increases paid to  
3 teachers under contracts or collective bargaining agreements  
4 entered into, amended, or renewed before June 1, 2005.

5           When assessing payment for any amount due under subsection  
6 (f), the System shall exclude salary increases paid to a  
7 teacher at a time when the teacher is 10 or more years from  
8 retirement eligibility under Section 16-132 or 16-133.2.

9           When assessing payment for any amount due under subsection  
10 (f), the System shall exclude salary increases resulting from  
11 overload work, including summer school, when the school  
12 district has certified to the System, and the System has  
13 approved the certification, that (i) the overload work is for  
14 the sole purpose of classroom instruction in excess of the  
15 standard number of classes for a full-time teacher in a school  
16 district during a school year and (ii) the salary increases  
17 are equal to or less than the rate of pay for classroom  
18 instruction computed on the teacher's current salary and work  
19 schedule.

20           When assessing payment for any amount due under subsection  
21 (f), the System shall exclude a salary increase resulting from  
22 a promotion (i) for which the employee is required to hold a  
23 certificate or supervisory endorsement issued by the State  
24 Teacher Certification Board that is a different certification  
25 or supervisory endorsement than is required for the teacher's  
26 previous position and (ii) to a position that has existed and

1 been filled by a member for no less than one complete academic  
2 year and the salary increase from the promotion is an increase  
3 that results in an amount no greater than the lesser of the  
4 average salary paid for other similar positions in the  
5 district requiring the same certification or the amount  
6 stipulated in the collective bargaining agreement for a  
7 similar position requiring the same certification.

8 When assessing payment for any amount due under subsection  
9 (f), the System shall exclude any payment to the teacher from  
10 the State of Illinois or the State Board of Education over  
11 which the employer does not have discretion, notwithstanding  
12 that the payment is included in the computation of final  
13 average salary.

14 (g-5) When assessing payment for any amount due under  
15 subsection (f), the System shall exclude salary increases  
16 resulting from overload or stipend work performed in a school  
17 year subsequent to a school year in which the employer was  
18 unable to offer or allow to be conducted overload or stipend  
19 work due to an emergency declaration limiting such activities.

20 (g-10) When assessing payment for any amount due under  
21 subsection (f), the System shall exclude salary increases  
22 resulting from increased instructional time that exceeded the  
23 instructional time required during the 2019-2020 school year.

24 (g-15) When assessing payment for any amount due under  
25 subsection (f), the System shall exclude salary increases  
26 resulting from teaching summer school on or after May 1, 2021

1 and before September 15, 2022.

2 (g-20) When assessing payment for any amount due under  
3 subsection (f), the System shall exclude salary increases  
4 necessary to bring a school board in compliance with Public  
5 Act 101-443 or this amendatory Act of the 103rd General  
6 Assembly.

7 (h) When assessing payment for any amount due under  
8 subsection (f), the System shall exclude any salary increase  
9 described in subsection (g) of this Section given on or after  
10 July 1, 2011 but before July 1, 2014 under a contract or  
11 collective bargaining agreement entered into, amended, or  
12 renewed on or after June 1, 2005 but before July 1, 2011.  
13 Notwithstanding any other provision of this Section, any  
14 payments made or salary increases given after June 30, 2014  
15 shall be used in assessing payment for any amount due under  
16 subsection (f) of this Section.

17 (i) The System shall prepare a report and file copies of  
18 the report with the Governor and the General Assembly by  
19 January 1, 2007 that contains all of the following  
20 information:

21 (1) The number of recalculations required by the  
22 changes made to this Section by Public Act 94-1057 for  
23 each employer.

24 (2) The dollar amount by which each employer's  
25 contribution to the System was changed due to  
26 recalculations required by Public Act 94-1057.

1           (3) The total amount the System received from each  
2           employer as a result of the changes made to this Section by  
3           Public Act 94-4.

4           (4) The increase in the required State contribution  
5           resulting from the changes made to this Section by Public  
6           Act 94-1057.

7           (i-5) For school years beginning on or after July 1, 2017,  
8           if the amount of a participant's salary for any school year  
9           exceeds the amount of the salary set for the Governor, the  
10          participant's employer shall pay to the System, in addition to  
11          all other payments required under this Section and in  
12          accordance with guidelines established by the System, an  
13          amount determined by the System to be equal to the employer  
14          normal cost, as established by the System and expressed as a  
15          total percentage of payroll, multiplied by the amount of  
16          salary in excess of the amount of the salary set for the  
17          Governor. This amount shall be computed by the System on the  
18          basis of the actuarial assumptions and tables used in the most  
19          recent actuarial valuation of the System that is available at  
20          the time of the computation. The System may require the  
21          employer to provide any pertinent information or  
22          documentation.

23          Whenever it determines that a payment is or may be  
24          required under this subsection, the System shall calculate the  
25          amount of the payment and bill the employer for that amount.  
26          The bill shall specify the calculations used to determine the

1 amount due. If the employer disputes the amount of the bill, it  
2 may, within 30 days after receipt of the bill, apply to the  
3 System in writing for a recalculation. The application must  
4 specify in detail the grounds of the dispute. Upon receiving a  
5 timely application for recalculation, the System shall review  
6 the application and, if appropriate, recalculate the amount  
7 due.

8 The employer contributions required under this subsection  
9 may be paid in the form of a lump sum within 90 days after  
10 receipt of the bill. If the employer contributions are not  
11 paid within 90 days after receipt of the bill, then interest  
12 will be charged at a rate equal to the System's annual  
13 actuarially assumed rate of return on investment compounded  
14 annually from the 91st day after receipt of the bill. Payments  
15 must be concluded within 3 years after the employer's receipt  
16 of the bill.

17 (j) For purposes of determining the required State  
18 contribution to the System, the value of the System's assets  
19 shall be equal to the actuarial value of the System's assets,  
20 which shall be calculated as follows:

21 As of June 30, 2008, the actuarial value of the System's  
22 assets shall be equal to the market value of the assets as of  
23 that date. In determining the actuarial value of the System's  
24 assets for fiscal years after June 30, 2008, any actuarial  
25 gains or losses from investment return incurred in a fiscal  
26 year shall be recognized in equal annual amounts over the

1 5-year period following that fiscal year.

2 (k) For purposes of determining the required State  
3 contribution to the system for a particular year, the  
4 actuarial value of assets shall be assumed to earn a rate of  
5 return equal to the system's actuarially assumed rate of  
6 return.

7 (Source: P.A. 102-16, eff. 6-17-21; 102-525, eff. 8-20-21;  
8 102-558, eff. 8-20-21; 102-813, eff. 5-13-22; 103-515, eff.  
9 8-11-23; 103-588, eff. 6-5-24.)

10 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

11 Sec. 18-131. Financing; employer contributions.

12 (a) The State of Illinois shall make contributions to this  
13 System by appropriations of the amounts which, together with  
14 the contributions of participants, net earnings on  
15 investments, and other income, will meet the costs of  
16 maintaining and administering this System on a 90% funded  
17 basis in accordance with actuarial recommendations.

18 (b) The Board shall determine the amount of State  
19 contributions required for each fiscal year on the basis of  
20 the actuarial tables and other assumptions adopted by the  
21 Board and the prescribed rate of interest, using the formula  
22 in subsection (c) or (c-5), as applicable.

23 (c) For State fiscal years 2012 through 2026 ~~2045~~, the  
24 minimum contribution to the System to be made by the State for  
25 each fiscal year shall be an amount determined by the System to

1 be sufficient to bring the total assets of the System up to 90%  
2 of the total actuarial liabilities of the System by the end of  
3 State fiscal year 2045. In making these determinations, the  
4 required State contribution shall be calculated each year as a  
5 level percentage of payroll over the years remaining to and  
6 including fiscal year 2045 and shall be determined under the  
7 projected unit credit actuarial cost method.

8 A change in an actuarial or investment assumption that  
9 increases or decreases the required State contribution and  
10 first applies in State fiscal year 2018 or thereafter shall be  
11 implemented in equal annual amounts over a 5-year period  
12 beginning in the State fiscal year in which the actuarial  
13 change first applies to the required State contribution.

14 A change in an actuarial or investment assumption that  
15 increases or decreases the required State contribution and  
16 first applied to the State contribution in fiscal year 2014,  
17 2015, 2016, or 2017 shall be implemented:

18 (i) as already applied in State fiscal years before  
19 2018; and

20 (ii) in the portion of the 5-year period beginning in  
21 the State fiscal year in which the actuarial change first  
22 applied that occurs in State fiscal year 2018 or  
23 thereafter, by calculating the change in equal annual  
24 amounts over that 5-year period and then implementing it  
25 at the resulting annual rate in each of the remaining  
26 fiscal years in that 5-year period.

1 For State fiscal years 1996 through 2005, the State  
2 contribution to the System, as a percentage of the applicable  
3 employee payroll, shall be increased in equal annual  
4 increments so that by State fiscal year 2011, the State is  
5 contributing at the rate required under this Section.

6 Notwithstanding any other provision of this Article, the  
7 total required State contribution for State fiscal year 2006  
8 is \$29,189,400.

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2007  
11 is \$35,236,800.

12 For each of State fiscal years 2008 through 2009, the  
13 State contribution to the System, as a percentage of the  
14 applicable employee payroll, shall be increased in equal  
15 annual increments from the required State contribution for  
16 State fiscal year 2007, so that by State fiscal year 2011, the  
17 State is contributing at the rate otherwise required under  
18 this Section.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2010  
21 is \$78,832,000 and shall be made from the proceeds of bonds  
22 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
23 Obligation Bond Act, less (i) the pro rata share of bond sale  
24 expenses determined by the System's share of total bond  
25 proceeds, (ii) any amounts received from the General Revenue  
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if  
2 applicable.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2011  
5 is the amount recertified by the System on or before April 1,  
6 2011 pursuant to Section 18-140 and shall be made from the  
7 proceeds of bonds sold in fiscal year 2011 pursuant to Section  
8 7.2 of the General Obligation Bond Act, less (i) the pro rata  
9 share of bond sale expenses determined by the System's share  
10 of total bond proceeds, (ii) any amounts received from the  
11 General Revenue Fund in fiscal year 2011, and (iii) any  
12 reduction in bond proceeds due to the issuance of discounted  
13 bonds, if applicable.

14 ~~Beginning in State fiscal year 2046, the minimum State~~  
15 ~~contribution for each fiscal year shall be the amount needed~~  
16 ~~to maintain the total assets of the System at 90% of the total~~  
17 ~~actuarial liabilities of the System.~~

18 Amounts received by the System pursuant to Section 25 of  
19 the Budget Stabilization Act or Section 8.12 of the State  
20 Finance Act in any fiscal year do not reduce and do not  
21 constitute payment of any portion of the minimum State  
22 contribution required under this Article in that fiscal year.  
23 Such amounts shall not reduce, and shall not be included in the  
24 calculation of, the required State contributions under this  
25 Article in any future year until the System has reached a  
26 funding ratio of at least 90%. A reference in this Article to

1 the "required State contribution" or any substantially similar  
2 term does not include or apply to any amounts payable to the  
3 System under Section 25 of the Budget Stabilization Act.

4 Notwithstanding any other provision of this Section, the  
5 required State contribution for State fiscal year 2005 and for  
6 fiscal year 2008 and each fiscal year thereafter, as  
7 calculated under this Section and certified under Section  
8 18-140, shall not exceed an amount equal to (i) the amount of  
9 the required State contribution that would have been  
10 calculated under this Section for that fiscal year if the  
11 System had not received any payments under subsection (d) of  
12 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
13 portion of the State's total debt service payments for that  
14 fiscal year on the bonds issued in fiscal year 2003 for the  
15 purposes of that Section 7.2, as determined and certified by  
16 the Comptroller, that is the same as the System's portion of  
17 the total moneys distributed under subsection (d) of Section  
18 7.2 of the General Obligation Bond Act. In determining this  
19 maximum for State fiscal years 2008 through 2010, however, the  
20 amount referred to in item (i) shall be increased, as a  
21 percentage of the applicable employee payroll, in equal  
22 increments calculated from the sum of the required State  
23 contribution for State fiscal year 2007 plus the applicable  
24 portion of the State's total debt service payments for fiscal  
25 year 2007 on the bonds issued in fiscal year 2003 for the  
26 purposes of Section 7.2 of the General Obligation Bond Act, so

1 that, by State fiscal year 2011, the State is contributing at  
2 the rate otherwise required under this Section.

3 (c-5) For State fiscal years 2026 and thereafter, the  
4 minimum or required State contribution to the System shall be  
5 determined by this subsection (c-5).

6 (1) General Formula. For State fiscal years 2026  
7 through 2056, the minimum or required State contribution  
8 to the System shall be equal to the sum of the Base  
9 Contribution Amount plus the Benefit Change Contribution  
10 Amount.

11 Beginning in State fiscal year 2057, the minimum or  
12 required State contribution for each fiscal year shall be  
13 the amount needed to maintain the total assets of the  
14 System at 100% of the total actuarial liabilities of the  
15 System, but subject to subparagraph (D) of paragraph (3)  
16 of this subsection (c-5) as if those provisions applied to  
17 the minimum or required State contribution in the same  
18 manner as the Base Contribution Amount.

19 In addition, the System shall also receive transfers  
20 from the Pension Stabilization Fund (which are not  
21 included when determining the required State contribution  
22 under this subsection (c-5)) resulting from proceeds of  
23 the income tax surcharge imposed on individuals, trusts,  
24 and estates by paragraph (1) of subsection (p) of Section  
25 201 of the Illinois Income Tax Act and other transfers  
26 pursuant to the Budget Stabilization Act. Amounts received

1 by the System pursuant to Section 25 of the Budget  
2 Stabilization Act or Section 8.12 of the State Finance Act  
3 in any fiscal year do not reduce and do not constitute  
4 payment of any portion of the Base Contribution Amount or  
5 the minimum State contribution required under this Article  
6 in that fiscal year.

7 (2) Definitions. For the purposes of this subsection  
8 (c-5):

9 "Accrued Interest" means, with respect to the  
10 Liabilities Balance at the end of a specific State  
11 fiscal year, the product equal to the assumed rate of  
12 investment return (expressed as a percentage)  
13 multiplied by the Liabilities Balance.

14 "Liabilities Balance" means the total actuarial  
15 liabilities of the System net of the System's assets.

16 "Remaining Ramp Ratio" means a ratio equal to 1  
17 divided by "n", where "n" for a specific State fiscal  
18 year is equal to the number of State fiscal years  
19 remaining through and including State fiscal year  
20 2056, inclusive of both that specific State fiscal  
21 year and State fiscal year 2056. For illustration: for  
22 State fiscal year 2037, "n" is equal to 20; and for  
23 State fiscal year 2056, "n" is equal to 1.

24 "Timing of Payment Adjustment" means an amount  
25 determined by the System to account for a delay in  
26 payment of the Base Contribution Amount to the System.

1 The System, in consultation with the Governor's Office  
2 of Management and Budget and the Comptroller, shall  
3 make an assumption of the payment schedule (including  
4 timing and amounts) of the Base Contribution Amount  
5 for each State fiscal year. The Timing of Payment  
6 Adjustment for a State fiscal year shall equal the  
7 additional amount necessary to cause (I) the  
8 discounted value of the Base Contribution Amount for  
9 that State fiscal year (for this purpose, excluding  
10 the Timing of Payment Adjustment) as paid on the  
11 assumed schedule, discounted at the System's assumed  
12 rate of investment return back to the first day of the  
13 State fiscal year, to be equal to (II) the value of the  
14 Base Contribution Amount for that State fiscal year  
15 (for this purpose, excluding the Timing of Payment  
16 Adjustment) if such amount were paid in full on the  
17 first day of the State fiscal year.

18 (3) Base Contribution Amount.

19 (A) For State fiscal years 2026 through 2035, the  
20 Base Contribution Amount shall be an amount determined  
21 by the System to be sufficient to bring the total  
22 assets of the System up to 90% of the total actuarial  
23 liabilities of the System by the end of State fiscal  
24 year 2046. In making these determinations, the Base  
25 Contribution Amount shall be calculated each year as a  
26 level percentage of payroll over the years remaining

1 to and including fiscal year 2046 and shall be  
2 determined under the projected unit credit actuarial  
3 cost method.

4 Amounts received by the System pursuant to Section  
5 25 of the Budget Stabilization Act or Section 8.12 of  
6 the State Finance Act in any fiscal year shall not be  
7 included in the calculation of the Base Contribution  
8 Amount. Instead, for State fiscal years 2027 through  
9 2036, such amounts, as increased or decreased by the  
10 rate of the System's investment performance during the  
11 relevant period of time, shall be excluded from the  
12 System's assets for the purpose of determining the  
13 Liabilities Balance.

14 (B) For State fiscal year 2037, the Base  
15 Contribution Amount shall be equal to the Base  
16 Contribution Amount for State fiscal year 2036.

17 (C) For State fiscal years 2038 through 2056, the  
18 Base Contribution Amount shall be equal to an amount  
19 determined by the System to be equal to the sum of the  
20 following:

21 (i) the normal cost of the employer  
22 contribution to the System for that fiscal year;  
23 plus

24 (ii) the System's assumed administrative,  
25 operational, and investment expenses; plus

26 (iii) the Accrued Interest on the Liabilities

1 Balance at the end of the prior State fiscal year;

2 plus

3 (iv) an amount equal to the product of (I) the  
4 Liabilities Balance at the end of the prior State  
5 fiscal year multiplied by (II) the Remaining Ramp  
6 Ratio; plus

7 (v) the Timing of Payment Adjustment for that  
8 fiscal year. The purpose of the calculation in  
9 this paragraph (3) is to bring the total assets of  
10 the System up to 100% of the total actuarial  
11 liabilities of the System by the end of State  
12 fiscal year 2056.

13 (D) Changes in Assumptions; Gains and Losses. A  
14 change in an actuarial or investment assumption that  
15 increases or decreases the Base Contribution Amount  
16 and first applies in State fiscal year 2042 or  
17 thereafter shall be implemented through a level  
18 payment over a 15-year period beginning in the State  
19 fiscal year in which the actuarial change first  
20 applies to the Base Contribution Amount. Gains and  
21 losses experienced in State fiscal year 2042 or  
22 thereafter shall be implemented through a level  
23 payment over a 15-year period beginning in the State  
24 fiscal year immediately after the State fiscal year in  
25 which the gain or loss was experienced.

26 The level payment, which may be positive (in the

1 case of an increase in the Base Contribution Amount)  
2 or negative (in the case of a decrease in the Base  
3 Contribution Amount), shall be determined by the  
4 System as follows: first, by determining the  
5 discounted value of the increases or decreases in the  
6 Base Contribution Amount over time, discounted at the  
7 System's assumed rate of investment return back to the  
8 first day of the State fiscal year of the relevant  
9 15-year period; and second, by amortizing that  
10 discounted value over 15 years, with an interest rate  
11 equal to the System's assumed rate of investment  
12 return, to result in a level payment. The level  
13 payment amount shall be added to or subtracted from  
14 the Base Contribution Amount otherwise determined  
15 pursuant to this subsection (iii), and the resulting  
16 amount shall be the Base Contribution Amount for all  
17 other purposes of this subsection (c-5).

18 (4) Benefit Change Contribution Amount. The Benefit  
19 Change Contribution Amount shall be equal to 100% of the  
20 Benefit Change Cost of any enhanced, expanded, or  
21 increased benefits under this Article taking effect after  
22 September 30, 2026, as determined by the Auditor General  
23 pursuant to Article 1B.

24 (d) For purposes of determining the required State  
25 contribution to the System, the value of the System's assets  
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

2 As of June 30, 2008, the actuarial value of the System's  
3 assets shall be equal to the market value of the assets as of  
4 that date. In determining the actuarial value of the System's  
5 assets for fiscal years after June 30, 2008, any actuarial  
6 gains or losses from investment return incurred in a fiscal  
7 year shall be recognized in equal annual amounts over the  
8 5-year period following that fiscal year.

9 (e) For purposes of determining the required State  
10 contribution to the system for a particular year, the  
11 actuarial value of assets shall be assumed to earn a rate of  
12 return equal to the system's actuarially assumed rate of  
13 return.

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

15 Section 30. The Court of Claims Act is amended by changing  
16 Section 8 as follows:

17 (705 ILCS 505/8) (from Ch. 37, par. 439.8)

18 Sec. 8. Court of Claims jurisdiction; deliberation  
19 periods. The court shall have exclusive jurisdiction to hear  
20 and determine the following matters:

21 (a) All claims against the State founded upon any law  
22 of the State of Illinois or upon any regulation adopted  
23 thereunder by an executive or administrative officer or  
24 agency; provided, however, the court shall not have

1 jurisdiction (i) to hear or determine claims arising under  
2 the Workers' Compensation Act or the Workers' Occupational  
3 Diseases Act, or claims for expenses in civil litigation,  
4 or (ii) to review administrative decisions for which a  
5 statute provides that review shall be in the circuit or  
6 appellate court.

7 (b) All claims against the State founded upon any  
8 contract entered into with the State of Illinois, except  
9 for an action under Section 1B-35 of the Illinois Pension  
10 Code.

11 (c) All claims against the State for time unjustly  
12 served in prisons of this State when the person imprisoned  
13 received a pardon from the Governor stating that such  
14 pardon is issued on the ground of innocence of the crime  
15 for which he or she was imprisoned or he or she received a  
16 certificate of innocence from the Circuit Court as  
17 provided in Section 2-702 of the Code of Civil Procedure;  
18 provided, the amount of the award is at the discretion of  
19 the court; and provided, the court shall make no award in  
20 excess of the following amounts: for imprisonment of 5  
21 years or less, not more than \$85,350; for imprisonment of  
22 14 years or less but over 5 years, not more than \$170,000;  
23 for imprisonment of over 14 years, not more than \$199,150;  
24 and provided further, the court shall fix attorney's fees  
25 not to exceed 25% of the award granted. On or after the  
26 effective date of this amendatory Act of the 95th General

1 Assembly, the court shall annually adjust the maximum  
2 awards authorized by this subsection (c) to reflect the  
3 increase, if any, in the Consumer Price Index For All  
4 Urban Consumers for the previous calendar year, as  
5 determined by the United States Department of Labor,  
6 except that no annual increment may exceed 5%. For the  
7 annual adjustments, if the Consumer Price Index decreases  
8 during a calendar year, there shall be no adjustment for  
9 that calendar year. The transmission by the Prisoner  
10 Review Board or the clerk of the circuit court of the  
11 information described in Section 11(b) to the clerk of the  
12 Court of Claims is conclusive evidence of the validity of  
13 the claim. The changes made by this amendatory Act of the  
14 95th General Assembly apply to all claims pending on or  
15 filed on or after the effective date.

16 (d) All claims against the State for damages in cases  
17 sounding in tort, if a like cause of action would lie  
18 against a private person or corporation in a civil suit,  
19 and all like claims sounding in tort against the Medical  
20 Center Commission, the Board of Trustees of the University  
21 of Illinois, the Board of Trustees of Southern Illinois  
22 University, the Board of Trustees of Chicago State  
23 University, the Board of Trustees of Eastern Illinois  
24 University, the Board of Trustees of Governors State  
25 University, the Board of Trustees of Illinois State  
26 University, the Board of Trustees of Northeastern Illinois

1 University, the Board of Trustees of Northern Illinois  
2 University, the Board of Trustees of Western Illinois  
3 University, or the Board of Trustees of the Illinois  
4 Mathematics and Science Academy; provided, that an award  
5 for damages in a case sounding in tort, other than certain  
6 cases involving the operation of a State vehicle described  
7 in this paragraph, shall not exceed the sum of \$2,000,000  
8 to or for the benefit of any claimant. The \$2,000,000  
9 limit prescribed by this Section does not apply to an  
10 award of damages in any case sounding in tort arising out  
11 of the operation by a State employee of a vehicle owned,  
12 leased or controlled by the State. The defense that the  
13 State or the Medical Center Commission or the Board of  
14 Trustees of the University of Illinois, the Board of  
15 Trustees of Southern Illinois University, the Board of  
16 Trustees of Chicago State University, the Board of  
17 Trustees of Eastern Illinois University, the Board of  
18 Trustees of Governors State University, the Board of  
19 Trustees of Illinois State University, the Board of  
20 Trustees of Northeastern Illinois University, the Board of  
21 Trustees of Northern Illinois University, the Board of  
22 Trustees of Western Illinois University, or the Board of  
23 Trustees of the Illinois Mathematics and Science Academy  
24 is not liable for the negligence of its officers, agents,  
25 and employees in the course of their employment is not  
26 applicable to the hearing and determination of such

1 claims. The changes to this Section made by this  
2 amendatory Act of the 100th General Assembly apply only to  
3 claims filed on or after July 1, 2015.

4 The court shall annually adjust the maximum awards  
5 authorized by this subsection to reflect the increase, if  
6 any, in the Consumer Price Index For All Urban Consumers  
7 for the previous calendar year, as determined by the  
8 United States Department of Labor. The Comptroller shall  
9 make the new amount resulting from each annual adjustment  
10 available to the public via the Comptroller's official  
11 website by January 31 of every year.

12 (e) All claims for recoupment made by the State of  
13 Illinois against any claimant.

14 (f) All claims pursuant to the Line of Duty  
15 Compensation Act. A claim under that Act must be heard and  
16 determined within one year after the application for that  
17 claim is filed with the Court as provided in that Act.

18 (g) All claims filed pursuant to the Crime Victims  
19 Compensation Act.

20 (h) All claims pursuant to the Illinois National  
21 Guardsman's Compensation Act. A claim under that Act must  
22 be heard and determined within one year after the  
23 application for that claim is filed with the Court as  
24 provided in that Act.

25 (i) All claims authorized by subsection (a) of Section  
26 10-55 of the Illinois Administrative Procedure Act for the

1 expenses incurred by a party in a contested case on the  
2 administrative level.

3 (Source: P.A. 100-1124, eff. 11-27-18.)

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

1		INDEX
2		Statutes amended in order of appearance
3	40 ILCS 5/Art. 1B heading	
4	new	
5	40 ILCS 5/1B-5 new	
6	40 ILCS 5/1B-10 new	
7	40 ILCS 5/1B-15 new	
8	40 ILCS 5/1B-20 new	
9	40 ILCS 5/1B-25 new	
10	40 ILCS 5/1B-30 new	
11	40 ILCS 5/1B-35 new	
12	30 ILCS 122/20	
13	30 ILCS 330/22 new	
14	35 ILCS 5/201	
15	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
16	40 ILCS 5/14-131	
17	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
18	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
19	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
20	705 ILCS 505/8	from Ch. 37, par. 439.8