



Sen. Melinda Bush

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1 AMENDMENT TO SENATE BILL 37

2 AMENDMENT NO. _____. Amend Senate Bill 37, AS AMENDED, by
3 replacing everything after the enacting clause as follows:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 4-118 as follows:

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

7 Sec. 4-118. Financing.

8 (a) The city council or the board of trustees of the
9 municipality shall annually levy a tax upon all the taxable
10 property of the municipality at the rate on the dollar which
11 will produce an amount which, when added to the deductions from
12 the salaries or wages of firefighters and revenues available
13 from other sources, will equal a sum sufficient to meet the
14 annual actuarial requirements of the pension fund, as
15 determined by an enrolled actuary employed by the Illinois
16 Department of Insurance or by an enrolled actuary retained by

1 the pension fund or municipality. For the purposes of this
2 Section, the annual actuarial requirements of the pension fund
3 are equal to (1) the normal cost of the pension fund, or 17.5%
4 of the salaries and wages to be paid to firefighters for the
5 year involved, whichever is greater, plus (2) an annual amount
6 sufficient to bring the total assets of the pension fund up to
7 90% of the total actuarial liabilities of the pension fund by
8 the end of municipal fiscal year 2040, as annually updated and
9 determined by an enrolled actuary employed by the Illinois
10 Department of Insurance or by an enrolled actuary retained by
11 the pension fund or the municipality. In making these
12 determinations, the required minimum employer contribution
13 shall be calculated each year as a level percentage of payroll
14 over the years remaining up to and including fiscal year 2040
15 and shall be determined under the projected unit credit
16 actuarial cost method. The amount to be applied towards the
17 amortization of the unfunded accrued liability in any year
18 shall not be less than the annual amount required to amortize
19 the unfunded accrued liability, including interest, as a level
20 percentage of payroll over the number of years remaining in the
21 40 year amortization period.

22 (a-2) A municipality that has established a pension fund
23 under this Article and who employs a full-time firefighter, as
24 defined in Section 4-106, shall be deemed a primary employer
25 with respect to that full-time firefighter. Any unit of local
26 government of 5,000 or more inhabitants that employs or enrolls

1 and provides compensation to a firefighter in excess of \$7,500
2 annually while that firefighter continues to earn service
3 credits as a participant in a primary employer's pension fund
4 under this Article shall be deemed a secondary employer and
5 such employees shall be deemed to be secondary employee
6 firefighters. Primary and secondary employers shall have the
7 following duties to ensure that the primary employer's pension
8 fund under this Article is compensated for additional
9 liabilities and risks to which firefighters are exposed when
10 performing work as firefighters for secondary employers:

11 (1) A secondary employer shall annually prepare a
12 report accounting for all wages and salaries paid to the
13 secondary employee firefighters it employs for each fiscal
14 year in which such firefighters are employed and transmit a
15 certified copy of that report to the primary employer and
16 the secondary employee firefighter no later than 30 days
17 after the end of any fiscal year in which wages were paid
18 to the secondary employee firefighters.

19 (2) The secondary employer, concurrent with the
20 certification of its report, shall contribute an amount
21 equal to 17.5% of the total wages and salaries paid to the
22 secondary employee firefighter to the primary employer's
23 pension fund for deposit to the credit of the pension fund.

24 (3) The primary employer and the pension fund of that
25 primary employer shall have standing to enforce the pension
26 funding obligations of the secondary employer established

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

3 The contributions required under paragraph (2) of this
4 subsection apply beginning on the first day of the primary
5 employer's pension fund's first fiscal year beginning on or
6 after the effective date of this amendatory Act of the 101st
7 General Assembly.

8 The contributions required under paragraph (2) of this
9 subsection are for the purposes of compensating the primary
10 employer's pension fund for additional liabilities and risks to
11 which firefighters are exposed when performing work as
12 firefighters for secondary employers.

13 Nothing in this Section shall be construed to allow a
14 secondary employee to qualify for benefits or creditable
15 service for employment as a firefighter for a secondary
16 employer.

17 (a-5) For purposes of determining the required employer
18 contribution to a pension fund, the value of the pension fund's
19 assets shall be equal to the actuarial value of the pension
20 fund's assets, which shall be calculated as follows:

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

24 (2) In determining the actuarial value of the pension
25 fund's assets for fiscal years after March 30, 2011, any
26 actuarial gains or losses from investment return incurred

1 in a fiscal year shall be recognized in equal annual
2 amounts over the 5-year period following that fiscal year.

3 (b) The tax shall be levied and collected in the same
4 manner as the general taxes of the municipality, and shall be
5 in addition to all other taxes now or hereafter authorized to
6 be levied upon all property within the municipality, and in
7 addition to the amount authorized to be levied for general
8 purposes, under Section 8-3-1 of the Illinois Municipal Code or
9 under Section 14 of the Fire Protection District Act. The tax
10 shall be forwarded directly to the treasurer of the board
11 within 30 business days of receipt by the county (or, in the
12 case of amounts added to the tax levy under subsection (f),
13 used by the municipality to pay the employer contributions
14 required under subsection (b-1) of Section 15-155 of this
15 Code).

16 (b-5) If a participating municipality fails to transmit to
17 the fund contributions required of it under this Article for
18 more than 90 days after the payment of those contributions is
19 due, the fund may, after giving notice to the municipality,
20 certify to the State Comptroller the amounts of the delinquent
21 payments in accordance with any applicable rules of the
22 Comptroller, and the Comptroller must, beginning in fiscal year
23 2016, deduct and remit to the fund the certified amounts or a
24 portion of those amounts from the following proportions of
25 payments of State funds to the municipality:

26 (1) in fiscal year 2016, one-third of the total amount

1 of any payments of State funds to the municipality;

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

4 (3) in fiscal year 2018 and each fiscal year
5 thereafter, the total amount of any payments of State funds
6 to the municipality.

7 The State Comptroller may not deduct from any payments of
8 State funds to the municipality more than the amount of
9 delinquent payments certified to the State Comptroller by the
10 fund.

11 (b-10) If a unit of local government fails to transmit to
12 the fund contributions required of it under subsection (a-2) of
13 this Section for more than 90 days after the payment of those
14 contributions is due, the fund may, after giving notice to the
15 unit of local government, certify to the State Comptroller the
16 amounts of the delinquent payments in accordance with any
17 applicable rules of the Comptroller, and the Comptroller must,
18 beginning in fiscal year 2020, deduct and remit to the fund the
19 certified amounts or a portion of those amounts from payments
20 of State funds to the unit of local government. The State
21 Comptroller may not deduct from any payments of State funds to
22 the unit of local government more than the amount of delinquent
23 payments certified to the State Comptroller by the fund.

24 (c) The board shall make available to the membership and
25 the general public for inspection and copying at reasonable
26 times the most recent Actuarial Valuation Balance Sheet and Tax

1 Levy Requirement issued to the fund by the Department of
2 Insurance.

3 (d) The firefighters' pension fund shall consist of the
4 following moneys which shall be set apart by the treasurer of
5 the municipality: (1) all moneys derived from the taxes levied
6 hereunder; (2) contributions by firefighters as provided under
7 Section 4-118.1; (3) all rewards in money, fees, gifts, and
8 emoluments that may be paid or given for or on account of
9 extraordinary service by the fire department or any member
10 thereof, except when allowed to be retained by competitive
11 awards; and (4) any money, real estate or personal property
12 received by the board.

13 (e) For the purposes of this Section, "enrolled actuary"
14 means an actuary: (1) who is a member of the Society of
15 Actuaries or the American Academy of Actuaries; and (2) who is
16 enrolled under Subtitle C of Title III of the Employee
17 Retirement Income Security Act of 1974, or who has been engaged
18 in providing actuarial services to one or more public
19 retirement systems for a period of at least 3 years as of July
20 1, 1983.

21 (f) The corporate authorities of a municipality that
22 employs a person who is described in subdivision (d) of Section
23 4-106 may add to the tax levy otherwise provided for in this
24 Section an amount equal to the projected cost of the employer
25 contributions required to be paid by the municipality to the
26 State Universities Retirement System under subsection (b-1) of

1 Section 15-155 of this Code.

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

8 (1) fund balances;

9 (2) historical employer contribution rates for each
10 fund;

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

14 (4) available contribution funding sources;

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

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

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

21 Section 90. The State Mandates Act is amended by adding
22 Section 8.43 as follows:

23 (30 ILCS 805/8.43 new)

24 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8

1 of this Act, no reimbursement by the State is required for the
2 implementation of any mandate created by this amendatory Act of
3 the 101st General Assembly.

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