



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB1773

Introduced 2/17/2021, by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

40 ILCS 5/8-173

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

30 ILCS 805/8.45 new

Amends the Chicago Municipal Article of the Illinois Pension Code. Provides that, instead of specified dollar amounts, the city's required annual contribution to the Fund shall be for year 2021, 80% of the following calculation; and for year 2022, 90% of the following calculation: the sum of (i) the city's portion of the projected normal cost for that fiscal year, plus (ii) an amount determined on a level percentage of applicable employee payroll basis (reflecting any limits on individual participants' pay that apply for benefit and contribution purposes under the plan) that is sufficient to bring the total actuarial assets of the Fund up to 90% of the total actuarial liabilities of the Fund by the end of 2058. Makes conforming changes. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

LRB102 11531 RPS 16865 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by
5 changing Section 8-173 as follows:

6 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)
7 Sec. 8-173. Financing; tax levy.

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

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

1 exceed 1.2 times the total amount of contributions made by
2 employees to the Fund for annuity purposes in the calendar
3 year 1968, and, for the year 1971 and 1972 such levy that will
4 produce, when extended, an amount not to exceed 1.3 times the
5 total amount of contributions made by employees to the Fund
6 for annuity purposes in the calendar years 1969 and 1970,
7 respectively; and for the year 1973 an amount not to exceed
8 1.365 times such total amount of contributions made by
9 employees for annuity purposes in the calendar year 1971; and
10 for the year 1974 an amount not to exceed 1.430 times such
11 total amount of contributions made by employees for annuity
12 purposes in the calendar year 1972; and for the year 1975 an
13 amount not to exceed 1.495 times such total amount of
14 contributions made by employees for annuity purposes in the
15 calendar year 1973; and for the year 1976 an amount not to
16 exceed 1.560 times such total amount of contributions made by
17 employees for annuity purposes in the calendar year 1974; and
18 for the year 1977 an amount not to exceed 1.625 times such
19 total amount of contributions made by employees for annuity
20 purposes in the calendar year 1975; and for the year 1978 and
21 each year thereafter through levy year 2016, such levy as will
22 produce, when extended, an amount not to exceed the total
23 amount of contributions made by or on behalf of employees to
24 the Fund for annuity purposes in the calendar year 2 years
25 prior to the year for which the annual applicable tax is
26 levied, multiplied by 1.690 for the years 1978 through 1998

1 and by 1.250 for the year 1999 and for each year thereafter
2 through levy year 2016. Beginning in levy year 2017, and in
3 each year thereafter, the levy shall not exceed the amount of
4 the city's total required contribution to the Fund for the
5 next payment year, as determined under subsection (a-5). For
6 the purposes of this Section, the payment year is the year
7 immediately following the levy year.

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

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

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

1 tax levy.

2 The city may continue to use other lawfully available
3 funds in lieu of all or part of the levy, as provided under
4 subsection (f) of this Section.

5 (a-5) (1) Beginning in payment year 2018, the city's
6 required annual contribution to the Fund for payment years
7 2018 through 2022 shall be: for 2018, \$266,000,000; and for
8 2019, \$344,000,000; ~~for 2020, \$421,000,000; for 2021,~~
9 ~~\$499,000,000; and for 2022, \$576,000,000.~~

10 (2) For payment years 2020 ~~2023~~ through 2058, the city's
11 required annual contribution to the Fund shall be the amount
12 determined by the Fund to be equal to the sum of (i) the city's
13 portion of the projected normal cost for that fiscal year,
14 plus (ii) an amount determined on a level percentage of
15 applicable employee payroll basis (reflecting any limits on
16 individual participants' pay that apply for benefit and
17 contribution purposes under this plan) that is sufficient to
18 bring the total actuarial assets of the Fund up to 90% of the
19 total actuarial liabilities of the Fund by the end of 2058;
20 except that the required annual contributions for years 2021
21 and 2022 shall be as follows:

22 (A) the required contribution for payment year 2021
23 shall be 80% of the amount otherwise calculated for the
24 year under this paragraph (2); and

25 (B) the required contribution for payment year 2022
26 shall be 90% of the amount otherwise calculated for the

1 year under this paragraph (2).

2 (3) For payment years after 2058, the city's required
3 annual contribution to the Fund shall be equal to the amount,
4 if any, needed to bring the total actuarial assets of the Fund
5 up to 90% of the total actuarial liabilities of the Fund as of
6 the end of the year. In making the determinations under
7 paragraphs (2) and (3) of this subsection, the actuarial
8 calculations shall be determined under the entry age normal
9 actuarial cost method, and any actuarial gains or losses from
10 investment return incurred in a fiscal year shall be
11 recognized in equal annual amounts over the 5-year period
12 following the fiscal year.

13 To the extent that the city's contribution for any of the
14 payment years referenced in this subsection is made with
15 property taxes, those property taxes shall be levied,
16 collected, and paid to the Fund in a like manner with the
17 general taxes of the city.

18 (a-10) If the city fails to transmit to the Fund
19 contributions required of it under this Article by December 31
20 of the year in which such contributions are due, the Fund may,
21 after giving notice to the city, certify to the State
22 Comptroller the amounts of the delinquent payments, and the
23 Comptroller must, beginning in payment year 2018, deduct and
24 deposit into the Fund the certified amounts or a portion of
25 those amounts from the following proportions of grants of
26 State funds to the city:

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

3 (2) in payment year 2019, two-thirds of the total
4 amount of any grants of State funds to the city; and

5 (3) in payment year 2020 and each payment year
6 thereafter, the total amount of any grants of State funds
7 to the city.

8 The State Comptroller may not deduct from any grants of
9 State funds to the city more than the amount of delinquent
10 payments certified to the State Comptroller by the Fund.

11 (b) On or before July 1, 2017, and each July 1 thereafter,
12 the board shall certify to the city council the annual amounts
13 required under this Article, for which the tax herein provided
14 shall be levied for the following year. The board shall
15 compute the amounts necessary to be credited to the reserves
16 established and maintained as herein provided, and shall make
17 an annual determination of the amount of the required city
18 contributions, and certify the results thereof to the city
19 council.

20 (c) In respect to employees of the city who are
21 transferred to the employment of a park district by virtue of
22 the "Exchange of Functions Act of 1957", the corporate
23 authorities of the park district shall annually levy a tax
24 upon all the taxable property in the park district at such rate
25 per cent of the value of such property, as equalized or
26 assessed by the Department of Revenue, as shall be sufficient,

1 when added to the amounts deducted from their salaries and
2 otherwise contributed by them to provide the benefits to which
3 they and their dependents and beneficiaries are entitled under
4 this Article. The city shall not levy a tax hereunder in
5 respect to such employees.

6 The tax so levied by the park district shall be in addition
7 to and exclusive of all other taxes authorized to be levied by
8 the park district for corporate, annuity fund, or other
9 purposes. The county clerk of the county in which the park
10 district is located, in reducing any tax levied under the
11 provisions of any act concerning the levy and extension of
12 taxes shall not consider such tax as part of the general tax
13 levy for park purposes, and shall not include the same in any
14 limitation of the per cent of the assessed valuation upon
15 which taxes are required to be extended for the park district.
16 The proceeds of the tax levied by the park district, upon
17 receipt by the district, shall be immediately paid over to the
18 city treasurer of the city for the uses and purposes of the
19 fund.

20 The various sums to be contributed by the city and park
21 district and allocated for the purposes of this Article, and
22 any interest to be contributed by the city, shall be derived
23 from the revenue from the taxes authorized in this Section or
24 otherwise as expressly provided in this Section.

25 If it is not possible or practicable for the city to make
26 contributions for age and service annuity and widow's annuity

1 at the same time that employee contributions are made for such
2 purposes, such city contributions shall be construed to be due
3 and payable as of the end of the fiscal year for which the tax
4 is levied and shall accrue thereafter with interest at the
5 effective rate until paid.

6 (d) With respect to employees whose wages are funded as
7 participants under the Comprehensive Employment and Training
8 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.
9 93-567, 88 Stat. 1845), hereinafter referred to as CETA,
10 subsequent to October 1, 1978, and in instances where the
11 board has elected to establish a manpower program reserve, the
12 board shall compute the amounts necessary to be credited to
13 the manpower program reserves established and maintained as
14 herein provided, and shall make a periodic determination of
15 the amount of required contributions from the City to the
16 reserve to be reimbursed by the federal government in
17 accordance with rules and regulations established by the
18 Secretary of the United States Department of Labor or his
19 designee, and certify the results thereof to the City Council.
20 Any such amounts shall become a credit to the City and will be
21 used to reduce the amount which the City would otherwise
22 contribute during succeeding years for all employees.

23 (e) In lieu of establishing a manpower program reserve
24 with respect to employees whose wages are funded as
25 participants under the Comprehensive Employment and Training
26 Act of 1973, as authorized by subsection (d), the board may

1 elect to establish a special municipality contribution rate
2 for all such employees. If this option is elected, the City
3 shall contribute to the Fund from federal funds provided under
4 the Comprehensive Employment and Training Act program at the
5 special rate so established and such contributions shall
6 become a credit to the City and be used to reduce the amount
7 which the City would otherwise contribute during succeeding
8 years for all employees.

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

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

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.45 as follows:

3 (30 ILCS 805/8.45 new)

4 Sec. 8.45. Exempt mandate. Notwithstanding Sections 6 and
5 8 of this Act, no reimbursement by the State is required for
6 the implementation of any mandate created by this amendatory
7 Act of the 102nd General Assembly.

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