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103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2435

Introduced 2/10/2023, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/9-169 from Ch. 108 1/2, par. 9-169
30 ILCS 805/8.47 new

Amends the Cook County Article of the Illinois Pension Code. Provides that beginning in levy year 2024, the County shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within the County that will produce, when extended, an amount equal to no less than the amount of the County's total required contribution to the Fund for the next payment year. Provides that for payment years 2025 through 2055, the County's required annual contributions to the Fund shall be the amount determined by the Fund to be equal to the sum of (i) the projected normal cost for pensions for that fiscal year, plus (ii) a projected unfunded actuarial accrued liability amortization payment for pensions for the fiscal year, plus (iii) projected expenses for that fiscal year, plus (iv) interest to adjust for payment pattern during the fiscal year, minus (v) projected employee contributions for that fiscal year. Specifies a formula for payment years after 2055. Provides that, in lieu of levying all or a portion of the tax required, the County may deposit with the County treasurer for the benefit of the Fund an amount that, together with the taxes levied for that year, is not less than the amount of the County contributions for that year as certified by the Board of Trustees of the Fund to the County board. Provides that the County may continue to use other lawfully available funds to make the contribution in lieu of all or part of the levy. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement by the State.

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STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Section 9-169 as follows:

(40 ILCS 5/9-169) (from Ch. 108 1/2, par. 9-169)

Sec. 9-169. Financing; tax ~~Financing - Tax~~ levy.

(a) The county board shall levy a tax annually upon all taxable property in the county at the rate that will produce a sum which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them is sufficient for the requirements of this Article.

For the years before 1962 the tax rate shall be as provided in "The 1925 Act". For the years 1962 and 1963 the tax rate shall be not more than .0200 per cent; for the years 1964 and 1965 the tax rate shall be not more than .0202 per cent; for the years 1966 and 1967 the tax rate shall be not more than .0207 per cent; for the year 1968 the tax rate shall be not more than .0220 per cent; for the year 1969 the tax rate shall be not more than .0233 per cent; for the year 1970 the tax rate shall be not more than .0255 per cent; for the year 1971 the tax rate shall be not more than .0268 per cent of the value, as equalized or assessed by the Department of Revenue upon all taxable property in the county. Beginning with the year 1972 and for each year thereafter the county shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within the county that will produce, when extended, not to exceed an amount equal to the total amount of contributions made by the employees to the fund in the calendar year 2 years prior to the year for which the annual applicable tax is levied multiplied by .8 for the years 1972 through 1976; by .8 for the year 1977; by .87 for the year 1978; by .94 for the year 1979; by 1.02 for the year 1980 and by 1.10 for the year 1981 and by 1.18 for the year 1982 and by 1.36 for the year 1983 and by 1.54 for the year 1984 and for each year thereafter through levy year 2023. Beginning in levy year 2024, and in each year thereafter, the county shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within the county that will produce, when extended, an amount equal to no less than the amount of the county's total required contribution to the Fund for the next payment year, as determined under subsection (a-5). For the purposes of this Section, the payment year is the year immediately following the levy year.

This tax shall be levied and collected in like manner with the general taxes of the county, and shall be in addition to all other taxes which the county is authorized to levy upon the aggregate valuation of all taxable property within the county and shall be exclusive of and in addition to the amount of tax the county is authorized to levy for general purposes under any laws which may limit the amount of tax which the county may levy for general purposes. The county clerk, in reducing tax levies under any Act concerning the levy and extension of taxes, shall not consider this tax as a part of the general tax levy for county purposes, and shall not include it within any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for the county. It is lawful to extend this tax in addition to the general county rate fixed by statute, without being authorized as additional by a vote of the people of the county.

Revenues derived from this tax shall be paid to the treasurer of the county and held by the treasurer of the county ~~him~~ for the benefit of the fund.

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

The county may continue to use other lawfully available funds in lieu of all or part of the levy, as provided under subsection (f).

(a-5)(1) Beginning in payment year 2025 through 2055, the county's required annual contribution to the Fund shall be the minimum required employer contribution set forth in paragraph

(3) of this subsection (a-5).

(2) The Board shall retain an actuary who is a member in good standing of the American Academy of Actuaries to produce an annual actuarial report of the Fund. The annual actuarial report shall include, but not be limited to: (i) a statement of the actuarial value of the Fund's assets as projected over 30 years' time and the actuarial value of the Fund's liabilities as projected over the same period of time; and (ii) the minimum required employer contribution for the second year immediately following the year ending on the valuation date upon which the annual actuarial report is based. The annual actuarial report shall be reviewed and formally adopted by the Board and may be included in other annual reports.

(3) The minimum required employer contribution for a specified year as set forth in the annual actuarial report required under paragraph (2) shall be the amount determined by the Fund's actuary to be equal to the sum of: (i) the projected normal cost for pensions for that fiscal year, plus (ii) a projected unfunded actuarial accrued liability amortization payment for pensions for the fiscal year, plus (iii) projected expenses for that fiscal year, plus (iv) interest to adjust for payment pattern during the fiscal year, minus (v) projected employee contributions for that fiscal year. The county's required annual contribution to the Fund shall not be less than the sum of (i) the projected normal cost for pensions for that fiscal year, plus (ii) a projected unfunded actuarial

accrued liability amortization payment for pensions for the fiscal year, plus (iii) projected expenses for that fiscal year, plus (iv) interest to adjust for payment pattern during the fiscal year, minus (v) projected employee contributions for that fiscal year. The minimum required employer contribution shall be based on the entry age normal cost method, a 5-year smoothed actuarial value of assets, and a 30-year layered amortization of unfunded actuarial accrued liability with payments increasing at 2% per year.

The minimum required employer contribution shall be submitted annually to the county on or before July 31 unless another time frame is agreed upon by the county and the Fund.

(4) For payment years after 2055, the county's required annual contribution to the Fund shall be equal to the amount, if any, needed to bring the total actuarial assets of the Fund up to 100% of the total actuarial liabilities of the Fund by the end of the year.

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

(b) By January 10, annually, the board shall notify the county board of the requirement of this Article that this tax shall be levied. The board shall make an annual determination of the required county contributions, and shall certify the results thereof to the county board.

(c) (Blank). ~~The various sums to be contributed by the county board and allocated for the purposes of this Article and any interest to be contributed by the county shall be taken from the revenue derived from this tax and no money of the county derived from any source other than the levy and collection of this tax or the sale of tax anticipation warrants, except state or federal funds contributed for annuity and benefit purposes for employees of a county department of public aid under "The Illinois Public Aid Code", approved April 11, 1967, as now or hereafter amended, may be used to provide revenue for the fund.~~

~~If it is not possible or practicable for the county to make contributions for age and service annuity and widow's annuity concurrently with the employee contributions made for such purposes, such county shall make such contributions as soon as possible and practicable thereafter with interest thereon at the effective rate until the time it shall be made.~~

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

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

<u>(f) In lieu of levying all or a portion of the tax required under this Section in any year, the county may deposit with the county treasurer for the benefit of the Fund, to be held in accordance with this Article, an amount that, together with the taxes levied under this Section for that year, is not less</u>

than the amount of the County's contributions for that year as certified by the Board to the county Board. The deposit may be derived from any source legally available for that purpose, including, but not limited to, the proceeds of county borrowings. The making of a deposit shall satisfy fully the requirements of this Section for that year to the extent of the amounts so deposited; however, such action does not relieve the county from fulfilling its obligations of the required annual contribution to the Fund pursuant to subsection (a-5). Amounts deposited under this subsection may be used by the Fund for any of the purposes for which the proceeds of the tax levied by the county under this Section may be used, including the payment of any amount that is otherwise required by this Article to be paid from the proceeds of that tax.

(Source: P.A. 95-369, eff. 8-23-07.)

Section 90. The State Mandates Act is amended by adding Section 8.47 as follows:

(30 ILCS 805/8.47 new)

Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 103rd General Assembly.