

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 Sections 7-170, 7-171, 7-172, 7-173, and 7-211 as follows:

(40 ILCS 5/7-170) (from Ch. 108 1/2, par. 7-170)

Sec. 7-170. Federal Social Security coverage. (a) It is declared to be the policy and purpose to extend to covered employees as defined in Section 7-138, the benefits of the Federal Old Age and Survivors Insurance System as authorized by the Federal Social Security Act and amendments thereto. To effect this, the board shall take such action as may be required by applicable State and Federal laws or regulations.

(b) The board shall execute an agreement with the State Agency to secure coverage of covered employees as provided in paragraph (a) of this section.

(c) Each participating municipality and each participating instrumentality shall remit payment of contributions for Social Security purposes on behalf of covered employees and covered municipalities and participating instrumentalities as required by applicable State and federal laws and regulations ~~the board and the State Agency established by the Social Security Enabling Act.~~

(d) Contributions of covered employees to this fund for Federal Social Security purposes shall be paid ~~to the State Agency~~ in such amounts and at such time as required by applicable State and federal laws and regulations ~~are designated by State laws or regulations.~~

(e) (Blank) ~~Contributions in behalf of covered municipalities and participating instrumentalities for Federal Social Security purposes and the required pro rata share of administrative expenses shall be paid to the State Agency from this fund in accordance with applicable State laws and regulations.~~

(f) The board shall maintain such records and submit such reports as may be required by applicable State and Federal laws or regulations.

(Source: P.A. 81-793.)

(40 ILCS 5/7-171) (from Ch. 108 1/2, par. 7-171)

Sec. 7-171. Finance; taxes.

(a) Each municipality other than a school district shall appropriate an amount sufficient to provide for the current municipality contributions required by Section 7-172 of this Article, for the fiscal year for which the appropriation is made and all amounts due for municipal contributions for previous years. Those municipalities which have been assessed an annual amount to amortize its unfunded obligation, as provided in subparagraph 4 ~~5~~ of paragraph (a) of Section 7-172

of this Article, shall include in the appropriation an amount sufficient to pay the amount assessed. The appropriation shall be based upon an estimate of assets available for municipality contributions and liabilities therefor for the fiscal year for which appropriations are to be made, including funds available from levies for this purpose in prior years.

(b) For the purpose of providing monies for municipality contributions, beginning for the year in which a municipality is included in this fund:

(1) A municipality other than a school district may levy a tax which shall not exceed the amount appropriated for municipality contributions.

(2) A school district may levy a tax in an amount reasonably calculated at the time of the levy to provide for the municipality contributions required under Section 7-172 of this Article for the fiscal years for which revenues from the levy will be received and all amounts due for municipal contributions for previous years. Any levy adopted before the effective date of this amendatory Act of 1995 by a school district shall be considered valid and authorized to the extent that the amount was reasonably calculated at the time of the levy to provide for the municipality contributions required under Section 7-172 for the fiscal years for which revenues from the levy will be received and all amounts due for municipal contributions for previous years. In no event shall a budget adopted by a

school district limit a levy of that school district adopted under this Section.

(c) Any county which is served by a regional office of education that serves 2 or more counties may include in its appropriation an amount sufficient to provide its proportionate share of the municipality contributions for that regional office of education. The tax levy authorized by this Section may include an amount necessary to provide monies for this contribution.

(d) Any county that is a part of a multiple-county health department or consolidated health department which is formed under "An Act in relation to the establishment and maintenance of county and multiple-county public health departments", approved July 9, 1943, as amended, and which is a participating instrumentality may include in the county's appropriation an amount sufficient to provide its proportionate share of municipality contributions of the department. The tax levy authorized by this Section may include the amount necessary to provide monies for this contribution.

(d-5) A school district participating in a special education joint agreement created under Section 10-22.31 of the School Code that is a participating instrumentality may include in the school district's tax levy under this Section an amount sufficient to provide its proportionate share of the municipality contributions for current and prior service by employees of the participating instrumentality created under

the joint agreement.

(e) Such tax shall be levied and collected in like manner, with the general taxes of the municipality and shall be in addition to all other taxes which the municipality is now or may hereafter be authorized to levy upon all taxable property therein, and shall be exclusive of and in addition to the amount of tax levied for general purposes under Section 8-3-1 of the "Illinois Municipal Code", approved May 29, 1961, as amended, or under any other law or laws which may limit the amount of tax which the municipality may levy for general purposes. The tax may be levied by the governing body of the municipality without being authorized as being additional to all other taxes by a vote of the people of the municipality.

(f) The county clerk of the county in which any such municipality is located, in reducing tax levies shall not consider any such tax as a part of the general tax levy for municipality purposes, and shall not include the same in the limitation of any other tax rate which may be extended.

(g) The amount of the tax to be levied in any year shall, within the limits herein prescribed, be determined by the governing body of the respective municipality.

(h) The revenue derived from any such tax levy shall be used only for the purposes specified in this Article and, as collected, shall be paid to the treasurer of the municipality levying the tax. Monies received by a county treasurer for use in making contributions to a regional office of education for

its municipality contributions shall be held by him for that purpose and paid to the regional office of education in the same manner as other monies appropriated for the expense of the regional office.

(Source: P.A. 89-329, eff. 8-17-95; 90-448, eff. 8-16-97; 90-511, eff. 8-22-97; 90-655, eff. 7-30-98.)

(40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

Sec. 7-172. Contributions by participating municipalities and participating instrumentalities.

(a) Each participating municipality and each participating instrumentality shall make payment to the fund as follows:

1. municipality contributions in an amount determined by applying the municipality contribution rate to each payment of earnings paid to each of its participating employees;

2. an amount equal to the employee contributions provided by paragraphs (a) and (b) of Section 7-173, whether or not the employee contributions are withheld as permitted by that Section;

3. all accounts receivable, together with interest charged thereon, as provided in Section 7-209;

4. if it has no participating employees with current earnings, an amount payable which, over a period of 20 years beginning with the year following an award of benefit, will amortize, at the effective rate for that

year, any negative balance in its municipality reserve resulting from the award. This amount when established will be payable as a separate contribution whether or not it later has participating employees.

(b) A separate municipality contribution rate shall be determined for each calendar year for all participating municipalities together with all instrumentalities thereof. The municipality contribution rate shall be determined for participating instrumentalities as if they were participating municipalities. The municipality contribution rate shall be the sum of the following percentages:

1. The percentage of earnings of all the participating employees of all participating municipalities and participating instrumentalities which, if paid over the entire period of their service, will be sufficient when combined with all employee contributions available for the payment of benefits, to provide all annuities for participating employees, and the \$3,000 death benefit payable under Sections 7-158 and 7-164, such percentage to be known as the normal cost rate.

2. The percentage of earnings of the participating employees of each participating municipality and participating instrumentalities necessary to adjust for the difference between the present value of all benefits, excluding temporary and total and permanent disability and death benefits, to be provided for its participating

employees and the sum of its accumulated municipality contributions and the accumulated employee contributions and the present value of expected future employee and municipality contributions pursuant to subparagraph 1 of this paragraph (b). This adjustment shall be spread over the remainder of the period that is allowable under generally accepted accounting principles.

3. The percentage of earnings of the participating employees of all municipalities and participating instrumentalities necessary to provide the present value of all temporary and total and permanent disability benefits granted during the most recent year for which information is available.

4. The percentage of earnings of the participating employees of all participating municipalities and participating instrumentalities necessary to provide the present value of the net single sum death benefits expected to become payable from the reserve established under Section 7-206 during the year for which this rate is fixed.

5. The percentage of earnings necessary to meet any deficiency arising in the Terminated Municipality Reserve.

(c) A separate municipality contribution rate shall be computed for each participating municipality or participating instrumentality for its sheriff's law enforcement employees.

A separate municipality contribution rate shall be computed for the sheriff's law enforcement employees of each

forest preserve district that elects to have such employees. For the period from January 1, 1986 to December 31, 1986, such rate shall be the forest preserve district's regular rate plus 2%.

In the event that the Board determines that there is an actuarial deficiency in the account of any municipality with respect to a person who has elected to participate in the Fund under Section 3-109.1 of this Code, the Board may adjust the municipality's contribution rate so as to make up that deficiency over such reasonable period of time as the Board may determine.

(d) The Board may establish a separate municipality contribution rate for all employees who are program participants employed under the federal Comprehensive Employment Training Act by all of the participating municipalities and instrumentalities. The Board may also provide that, in lieu of a separate municipality rate for these employees, a portion of the municipality contributions for such program participants shall be refunded or an extra charge assessed so that the amount of municipality contributions retained or received by the fund for all CETA program participants shall be an amount equal to that which would be provided by the separate municipality contribution rate for all such program participants. Refunds shall be made to prime sponsors of programs upon submission of a claim therefor and extra charges shall be assessed to participating

municipalities and instrumentalities. In establishing the municipality contribution rate as provided in paragraph (b) of this Section, the use of a separate municipality contribution rate for program participants or the refund of a portion of the municipality contributions, as the case may be, may be considered.

(e) Computations of municipality contribution rates for the following calendar year shall be made prior to the beginning of each year, from the information available at the time the computations are made, and on the assumption that the employees in each participating municipality or participating instrumentality at such time will continue in service until the end of such calendar year at their respective rates of earnings at such time.

(f) Any municipality which is the recipient of State allocations representing that municipality's contributions for retirement annuity purposes on behalf of its employees as provided in Section 12-21.16 of the Illinois Public Aid Code shall pay the allocations so received to the Board for such purpose. Estimates of State allocations to be received during any taxable year shall be considered in the determination of the municipality's tax rate for that year under Section 7-171. If a special tax is levied under Section 7-171, none of the proceeds may be used to reimburse the municipality for the amount of State allocations received and paid to the Board. Any multiple-county or consolidated health department which

receives contributions from a county under Section 11.2 of "An Act in relation to establishment and maintenance of county and multiple-county health departments", approved July 9, 1943, as amended, or distributions under Section 3 of the Department of Public Health Act, shall use these only for municipality contributions by the health department.

(g) Municipality contributions for the several purposes specified shall, for township treasurers and employees in the offices of the township treasurers who meet the qualifying conditions for coverage hereunder, be allocated among the several school districts and parts of school districts serviced by such treasurers and employees in the proportion which the amount of school funds of each district or part of a district handled by the treasurer bears to the total amount of all school funds handled by the treasurer.

From the funds subject to allocation among districts and parts of districts pursuant to the School Code, the trustees shall withhold the proportionate share of the liability for municipality contributions imposed upon such districts by this Section, in respect to such township treasurers and employees and remit the same to the Board.

The municipality contribution rate for an educational service center shall initially be the same rate for each year as the regional office of education or school district which serves as its administrative agent. When actuarial data become available, a separate rate shall be established as provided in

subparagraph (i) of this Section.

The municipality contribution rate for a public agency, other than a vocational education cooperative, formed under the Intergovernmental Cooperation Act shall initially be the average rate for the municipalities which are parties to the intergovernmental agreement. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

(h) Each participating municipality and participating instrumentality shall make the contributions in the amounts provided in this Section in the manner prescribed from time to time by the Board and all such contributions shall be obligations of the respective participating municipalities and participating instrumentalities to this fund. The failure to deduct any employee contributions shall not relieve the participating municipality or participating instrumentality of its obligation to this fund. Delinquent payments of contributions due under this Section may, with interest, be recovered by civil action against the participating municipalities or participating instrumentalities. Municipality contributions, other than the amount necessary for employee contributions and Social Security contributions, for periods of service by employees from whose earnings no deductions were made for employee contributions to the fund, may be charged to the municipality reserve for the municipality or participating instrumentality.

(i) Contributions by participating instrumentalities shall be determined as provided herein except that the percentage derived under subparagraph 2 of paragraph (b) of this Section, and the amount payable under subparagraph 4 ~~5~~ of paragraph (a) of this Section, shall be based on an amortization period of 10 years.

(j) Notwithstanding the other provisions of this Section, the additional unfunded liability accruing as a result of this amendatory Act of the 94th General Assembly shall be amortized over a period of 30 years beginning on January 1 of the second calendar year following the calendar year in which this amendatory Act takes effect, except that the employer may provide for a longer amortization period by adopting a resolution or ordinance specifying a 35-year or 40-year period and submitting a certified copy of the ordinance or resolution to the fund no later than June 1 of the calendar year following the calendar year in which this amendatory Act takes effect.

(Source: P.A. 94-712, eff. 6-1-06.)

(40 ILCS 5/7-173) (from Ch. 108 1/2, par. 7-173)

Sec. 7-173. Contributions by employees.

(a) Each participating employee shall make contributions to the fund as follows:

1. For retirement annuity purposes, normal contributions of 3 3/4% of earnings.

2. Additional contributions of such percentages of

each payment of earnings, as shall be elected by the employee for retirement annuity purposes, but not in excess of 10%. The selected rate shall be applicable to all earnings beginning on the first day of the second month following receipt by the Board of written notice of election to make such contributions. Additional contributions at the selected rate shall be made concurrently with normal contributions.

3. Survivor contributions, by each participating employee, of 3/4% of each payment of earnings.

(b) Each employee shall make contributions ~~to the fund~~ for Federal Social Security taxes, for periods during which he is a covered employee, as required by the Social Security Enabling Act and State and federal law. For participating employees, such contributions shall be in addition to those required under paragraph (a) of this Section.

(c) Contributions shall be deducted from each corresponding payment of earnings paid to each employee and shall be remitted to the board by the participating municipality or participating instrumentality making such payment. The remittance, together with a report of the earnings and contributions shall be made as directed by the board. For township treasurers and employees of township treasurers qualifying as employees hereunder, the contributions herein required as deductions from salary shall be withheld by the school township trustees from funds available for the payment

of the compensation of such treasurers and employees as provided in the School Code and remitted to the board.

(d) An employee who has made additional contributions under paragraph (a)2 of this Section may upon retirement or at any time prior thereto, elect to withdraw the total of such additional contributions including interest credited thereon to the end of the preceding calendar year.

(e) Failure to make the deductions for employee contributions provided in paragraph (c) of this Section shall not relieve the employee from liability for such contributions. The amount of such liability may be deducted, with interest charged under Section 7-209, from any annuities or benefits payable hereunder to the employee or any other person receiving an annuity or benefit by reason of such employee's participation.

(f) A participating employee who has at least 40 years of creditable service in the Fund may elect to cease making the contributions required under this Section. The status of the employee under this Article shall be unaffected by this election, except that the employee shall not receive any additional creditable service for the periods of employment following the election. An election under this subsection relieves the employer from making additional employer contributions in relation to that employee.

(Source: P.A. 87-1265.)

(40 ILCS 5/7-211) (from Ch. 108 1/2, par. 7-211)

Sec. 7-211. Authorizations.

(a) Each participating municipality and instrumentality thereof and each participating instrumentality shall:

1. Deduct all normal and additional contributions and contributions for federal Social Security taxes as required by the Social Security Enabling Act from each payment of earnings payable to each participating employee who is entitled to any earnings from such municipality or instrumentality thereof or participating instrumentality, and remit all normal and additional ~~such~~ contributions immediately to the board; and

2. Pay to the board contributions required by this Article.

(b) Each participating employee shall, by virtue of the payment of contributions to this fund, receive a vested interest in the annuities and benefits provided in this Article and in consideration of such vested interest shall be deemed to have agreed and authorized the deduction from earnings of all contributions payable to this fund in accordance with this Article.

(c) Payment of earnings less the amounts of contributions provided in this Article and in the Social Security Enabling Act shall be a full and complete discharge of all claims for payment for services rendered by any employee during the period covered by any such payment.

(d) Any covered annuitant may authorize the withholding of all or a portion of his or her annuity, for the payment of premiums on group accident and health insurance provided pursuant to Section 7-199.1. The annuitant may revoke this authorization at any time.

(Source: P.A. 91-887, eff. 7-6-00.)

Section 90. The State Mandates Act is amended by adding Section 8.34 as follows:

(30 ILCS 805/8.34 new)

Sec. 8.34. 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 96th General Assembly.

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