

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

96TH GENERAL ASSEMBLY

BILL NO: **HB 3694**

March 10, 2009

SPONSOR (S): Pritchard

SYSTEM(S): IMRF, Downstate Police

FISCAL IMPACT: The fiscal impact of HB 3694 cannot be determined. According to IMRF, fewer than 400 police officers qualified for the service credit transfers under P.A. 94-0356 and P.A. 95-0812, and it is unknown how many have yet to transfer the full amount of service credit under the aforementioned acts.

SUBJECT MATTER: HB 3694 deletes service credit transfer provisions between IMRF and Article 3 (Downstate Police) that were implemented by P.A. 94-0356 and P.A. 95-0812.

FISCAL IMPACT: IMPACT: The fiscal impact of HB 3694 cannot be determined. According to IMRF, fewer than 400 police officers qualified for the service credit transfers under P.A. 94-0356 and P.A. 95-0812, and it is unknown how many have yet to transfer the full amount of service credit under the aforementioned acts.

COMMENT: P.A. 94-0356, which became effective on July 29, 2005, allowed a member of a Downstate police pension fund to transfer up to 8 years of service credit from IMRF to a Downstate police fund. The Act stipulated that if the board of the Downstate police pension fund determined that the amount transferred from IMRF was less than the true cost to the pension fund for granting that service credit, then the police officer would suffer a reduction in creditable service under the Downstate police fund. (For example, if someone had 5 years in IMRF, and the Downstate police board determined that the amount transferred from IMRF only bought 4.5 years in the Downstate police fund, then that officer would lose 0.5 years in the transfer).

P.A. 95-0812, which took effect on August 13th, 2008, only applied to members who transferred service under P.A. 94-0356, and only those members who suffered a reduction as explained above. The Act allowed them to make up the difference by paying the full cost of what would have been contributed in the Downstate police fund (employer contributions, employee contribution, plus interest). P.A. 95-0812 mandated that this amount would be determined by the board of the Downstate police pension fund.

HB 3694 strikes much of the language added by the aforementioned Acts, with the intent of “closing the window” for those officers who have not yet taken advantage of the service credit transfer provisions. Illinois courts have consistently ruled that any legislative enactment that repeals a benefit for which a member of an Illinois public pension fund would otherwise qualify constitutes a diminishment in violation of Article XIII, Section 5 of the Illinois Constitution (see the Commission’s publication on the “Handbook of Illinois Pension Case Law” for more information).

DH:dkb

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