

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

97TH GENERAL ASSEMBLY

BILL NO: **HB 0144**

February 10, 2011

SPONSOR(S): Franks

SYSTEM(S): Downstate Police, Downstate Fire

FISCAL IMPACT: HB 0144 will have no fiscal impact upon any pension fund or retirement system in the State of Illinois.

SUBJECT MATTER: HB 0144 amends the Downstate Police and Downstate Firefighter Articles of the Illinois Pension Code to allow the corporate authorities of a municipality to close the downstate police or firefighter pension funds under specified conditions.

FISCAL IMPACT: HB 0144 will have no fiscal impact upon any pension fund or retirement system in the State of Illinois.

COMMENT: HB 0144 amends the Downstate Police and Downstate Firefighter Articles of the Pension Code to allow the dissolution and reestablishment of inactive police and firefighters' pension funds. Under HB 0144, the corporate authorities of a municipality where a downstate police or fire pension fund has been established may, by resolution or ordinance, dissolve the fund or reestablish the fund. In order for the pension fund to be dissolved, an independent auditor must certify that the fund has no liabilities, participants, or beneficiaries entitled to benefits. Similarly, the authorities must reestablish service credit in the fund or reestablish the fund entirely if the reestablishment of the fund is required upon a former police officer or firefighters' reinstatement of creditable service. In addition, HB 0144 stipulates that the Public Pension Division of the Department of Insurance shall adopt rules regarding the process and procedures for (1) dissolving a pension fund and (2) redistributing assets and reestablishing the fund if reestablishment of the fund is necessary.

Currently, in each municipality, the city council or the board of trustees can establish and administer a police or firefighters' pension fund for the benefit of its police officers or firefighters and of their surviving spouses, children, and certain other dependents. HB 0144 provides that the duty of the corporate authorities of a municipality to establish and administer such a pension fund must be suspended during any period which the fund is dissolved.

HB 0144 amends the State Mandates Act to require implementation without reimbursement.