

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 4640**

February 17, 2016

SPONSOR (S): Pritchard

SYSTEM(S): Downstate Police, Downstate Fire

FISCAL IMPACT: HB 4640 intends to decrease the amount of municipalities that are required to establish pension funds under the Downstate Police and Fire articles of the Illinois Pension Code. This bill will only affect growing municipalities that have less than, but close to, 5,000 inhabitants. Currently, there are 37 municipalities within the population range of 4,000 – 4,999, 11 within the range of 4,500 – 4,999, and 6 within the range of 4,750 – 4,999. Since any municipality could still establish a fund via referendum, and it is uncertain how many municipalities would be affected by this bill, it is difficult to discern a fiscal impact.

SUBJECT MATTER: HB 4640 amends the Downstate Police and Fire articles of the Illinois Pension Code by increasing the population threshold that requires municipalities to establish a Downstate Police or Fire pension fund, from 5,000 to 10,000. If this bill is passed, any municipality that has less than 10,000 inhabitants and has not established a Downstate Police or Fire pension fund can still establish a fund by referendum.

COMMENT: HB 4640 amends the Downstate Police and Fire articles of the Illinois Pension Code. For the purpose of pensions, this bill alters the definition of a “Municipality” as any city, village or incorporated town of either of the following:

- 10,000 or more, but less than 500,000 inhabitants
- 5,000 or more, but less than 10,000 inhabitants, that has established a pension fund prior to this bill being passed
- Of less than 5,000 inhabitants which, by referendum, establishes a pension fund under the Downstate Police or Downstate Fire pension funds.

Current law defines a “Municipality” as any city, village or incorporated town of either of the following:

- 5,000 or more, but less than 500,000 inhabitants
- Of less than 5,000 inhabitants which, by referendum, establishes a pension fund under the Downstate Police or Downstate Fire pension funds.

JL:dkb

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