COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

95TH GENERAL ASSEMBLY

BILL NO: **HB 4277** January 22, 2008

SPONSOR (S): Molaro

SYSTETM(S): Chicago Teachers' Pension Fund

FISCAL IMPACT: According to the Cook County Clerk's office, the 2005 equalized assessed valuation of taxable property in the City of Chicago was $59.3 billion. Applying a pension tax of 0.1% upon all taxable property in the City of Chicago would yield $59.3 million, which would represent the employer contributions to the Chicago Teachers' Pension Fund.

SUBJECT MATTER: HB 4277 amends the Chicago Teacher article of the Pension Code to levy a tax equal to 0.1% upon all taxable property in the City of Chicago for the purpose of making employer contributions to the Chicago Teachers' Pension Fund.

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COMMENT: P.A. 89-0015, enacted on May 30, 1995, eliminated the Chicago Teachers' Pension Fund tax levy. The Act also established a funding plan for the Chicago Teachers' Pension Fund under which the Chicago Board of Education was given the responsibility for making annual contributions to the fund in order to achieve a 90% funding ratio by the end of Fiscal Year 2045. HB 4277 creates a new tax levy of 0.1% annually upon all taxable property in the City of Chicago, beginning with the school and fiscal years ending June 30, 2009. This tax is to be known as the Public School Teachers' Pension and Retirement Fund Tax. HB 4277 provides that the tax shall be exclusive of and in addition to the amount of tax the city is now or hereafter authorized to levy for general purposes. HB 4277 does not change the current funding plan under which the fund must achieve a 90% funding ratio by FY 2045.

HB 4277 amends the State Mandates Act to require implementation without reimbursement.

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