

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 2966**

February 28, 2017

SPONSOR (S): Andrade

SYSTEM(S): IMRF

FISCAL IMPACT: There is no discernible fiscal impact associated with HB 2966.

SUBJECT MATTER: HB 2966 makes a clarifying change to existing statute to bring into effect the intent of P.A. 97-0609, which dealt with excess salary increase penalties paid by employers on behalf of certain IMRF employees. The bill also makes a change in the qualification for service on the IMRF board of trustees.

COMMENT: Under current law, if the amount of a participating employee's earnings for any of the 12-month periods used to determine the final rate of earnings exceeds the employee's 12 month earnings with the same employer for the previous year by 6% or 1.5 times the CPI-U, then the participating municipality or instrumentality must pay to IMRF the present value of the increase in the pension resulting from the portion of the increase in "salary" that is in excess of greater of the two aforementioned amounts. HB 2966 changes the word "salary" to "reported earnings." This is meant to be a clarification of existing law, and is intended to be retroactive to Jan. 1, 2012 (the effective date of P.A. 97-0609).

HB 2966 also mandates that no person shall be eligible to serve on the IMRF board of trustees unless that person has met the minimum vesting requirements.

DH:dkb

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