



Commission on Government Forecasting and Accountability

PENSION IMPACT NOTE *104th General Assembly*

BILL NO: HB 1736

February 3, 2025

SPONSOR: Avelar

SYSTEM: Illinois Municipal Retirement Fund (IMRF)

FISCAL IMPACT

If HB 1736 is enacted and the Joliet Regional Port District is approved to participate in IMRF as a participating instrumentality, the employer contribution rate for the authority will depend on the findings of its prospective actuarial evaluation, which will determine its assets, liabilities, and workforce demographics, among other factors. As of IMRF's latest comprehensive annual financial report (CAFR), the average employer contribution for regular IMRF members was 7%. IMRF has a funding ratio of 98.2% as of the 2024 actuarial valuation.

SUBJECT MATTER: HB 1736 amends the IMRF article of the Illinois Pension Code to include the Joliet Regional Port District in the list of "participating instrumentalities," making its employees eligible to participate in IMRF. Membership in IMRF would be dependent upon approval by the IMRF board after enactment of this bill, as explained below.

COMMENT: Under current law, a participating instrumentality in IMRF has two definitions: a political entity without the power of taxation that is legally distinct from the State of Illinois or any municipality (e.g., the Firefighters' Pension Investment Fund); or a non-profit organization or association authorized by statute (e.g., the Illinois Association of Park Districts). After enactment of a bill authorizing participation in IMRF, an instrumentality can gain membership in IMRF if it is found to be in conformity with the IMRF board's requirements for financial solvency and if the entity is approved by a two-thirds vote of the board.

Below is a partial list of current participating instrumentalities:

- The Illinois Municipal League
- Illinois Library System
- Various Regional Planning Commissions
- Various Local Housing Authorities
- Illinois Association of Park Districts
- Tri-City Regional Port District
- The Illinois Municipal Electric Agency
- Waukegan Port District
- The Kaskaskia Regional Port District

HB 1736 would add the Joliet Regional Port District to the list of participating instrumentalities. The IMRF Article of the Pension Code mandates that instrumentalities must conduct their own actuarial studies to determine their assets and liabilities before being admitted. Thus, upon passage of this bill, a full evaluation of the Joliet Regional Port District must be conducted before they are approved to join IMRF as a participating instrumentality.

Under current law, employees of new IMRF employers receive free service credit equal to 20% of the employee's total service up to a maximum of 5 years. If approved for participation, the Joliet Regional Port District would be obligated to pay the amortization costs for this resulting unfunded liability over a 10-year period, pursuant to current law.

RF:bs

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