

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

101ST GENERAL ASSEMBLY

BILL NO: **HB 2679**

February 19, 2019

SPONSOR (S): Zalewski

SYSTEM(S): Downstate Firefighters Pension System

FISCAL IMPACT: HB 2679 would result in annual Tier 2 cost of living increases greater than what current statute allows. There would very likely be a significant increase in accrued liabilities for Downstate Fire pension funds, but the amounts would vary by fund.

SUBJECT MATTER: HB 2679 amends the Downstate Firefighters Article of the Pension Code by stipulating that Tier 2 annual increases would be calculated at 3% of the originally granted pension.

COMMENT: Current statute determines the Tier 2 annual increase for members of Downstate Fire pension funds by using the lesser of 3% or one half the annual unadjusted percentage increase in the consumer price index-u in the year prior to retirement. This annual cost of living adjustment amount was put into place upon the enactment of P.A. 96-1495 (SB 3538). HB 2679 would increase Tier 2 COLA's to 3% of the originally granted pension (or non-compounded).

EM:bj

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