

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Section 7-132 as follows:

6 (40 ILCS 5/7-132) (from Ch. 108 1/2, par. 7-132)

7 Sec. 7-132. Municipalities, instrumentalities and
8 participating instrumentalities included and effective dates.

9 (A) Municipalities and their instrumentalities.

10 (a) The following described municipalities, but not
11 including any with more than 1,000,000 inhabitants, and the
12 instrumentalities thereof, shall be included within and be
13 subject to this Article beginning upon the effective dates
14 specified by the Board:

15 (1) Except as to the municipalities and
16 instrumentalities thereof specifically excluded under this
17 Article, every county shall be subject to this Article, and
18 all cities, villages and incorporated towns having a
19 population in excess of 5,000 inhabitants as determined by
20 the last preceding decennial or subsequent federal census,
21 shall be subject to this Article following publication of
22 the census by the Bureau of the Census. Within 90 days
23 after publication of the census, the Board shall notify any
24 municipality that has become subject to this Article as a
25 result of that census, and shall provide information to the
26 corporate authorities of the municipality explaining the
27 duties and consequences of participation. The notification
28 shall also include a proposed date upon which participation
29 by the municipality will commence.

30 However, for any city, village or incorporated town
31 that attains a population over 5,000 inhabitants after

1 having provided social security coverage for its employees
2 under the Social Security Enabling Act, participation
3 under this Article shall not be mandatory but may be
4 elected in accordance with subparagraph (3) or (4) of this
5 paragraph (a), whichever is applicable.

6 (2) School districts, other than those specifically
7 excluded under this Article, shall be subject to this
8 Article, without election, with respect to all employees
9 thereof.

10 (3) Towns and all other bodies politic and corporate
11 which are formed by vote of, or are subject to control by,
12 the electors in towns and are located in towns which are
13 not participating municipalities on the effective date of
14 this Act, may become subject to this Article by election
15 pursuant to Section 7-132.1.

16 (4) Any other municipality (together with its
17 instrumentalities), other than those specifically excluded
18 from participation and those described in paragraph (3)
19 above, may elect to be included either by referendum under
20 Section 7-134 or by the adoption of a resolution or
21 ordinance by its governing body. A copy of such resolution
22 or ordinance duly authenticated and certified by the clerk
23 of the municipality or other appropriate official of its
24 governing body shall constitute the required notice to the
25 board of such action.

26 (b) A municipality that is about to begin participation
27 shall submit to the Board an application to participate, in a
28 form acceptable to the Board, not later than 90 days prior to
29 the proposed effective date of participation. The Board shall
30 act upon the application within 90 days, and if it finds that
31 the application is in conformity with its requirements and the
32 requirements of this Article, participation by the applicant
33 shall commence on a date acceptable to the municipality and
34 specified by the Board, but in no event more than one year from
35 the date of application.

36 (c) A participating municipality which succeeds to the

1 functions of a participating municipality which is dissolved or
2 terminates its existence shall assume and be transferred the
3 net accumulation balance in the municipality reserve and the
4 municipality account receivable balance of the terminated
5 municipality.

6 (d) In the case of a Veterans Assistance Commission whose
7 employees were being treated by the Fund on January 1, 1990 as
8 employees of the county served by the Commission, the Fund may
9 continue to treat the employees of the Veterans Assistance
10 Commission as county employees for the purposes of this
11 Article, unless the Commission becomes a participating
12 instrumentality in accordance with subsection (B) of this
13 Section.

14 (B) Participating instrumentalities.

15 (a) The participating instrumentalities designated in
16 paragraph (b) of this subsection shall be included within and
17 be subject to this Article if:

18 (1) an application to participate, in a form acceptable
19 to the Board and adopted by a two-thirds vote of the
20 governing body, is presented to the Board not later than 90
21 days prior to the proposed effective date; and

22 (2) the Board finds that the application is in
23 conformity with its requirements, that the applicant has
24 reasonable expectation to continue as a political entity
25 for a period of at least 10 years and has the prospective
26 financial capacity to meet its current and future
27 obligations to the Fund, and that the actuarial soundness
28 of the Fund may be reasonably expected to be unimpaired by
29 approval of participation by the applicant.

30 The Board shall notify the applicant of its findings within
31 90 days after receiving the application, and if the Board
32 approves the application, participation by the applicant shall
33 commence on the effective date specified by the Board.

34 (b) The following participating instrumentalities, so long
35 as they meet the requirements of Section 7-108 and the area

1 served by them or within their jurisdiction is not located
2 entirely within a municipality having more than one million
3 inhabitants, may be included hereunder:

4 i. Township School District Trustees.

5 ii. Multiple County and Consolidated Health
6 Departments created under Division 5-25 of the Counties
7 Code or its predecessor law.

8 iii. Public Building Commissions created under the
9 Public Building Commission Act, and located in counties of
10 less than 1,000,000 inhabitants.

11 iv. A multitype, consolidated or cooperative library
12 system created under the Illinois Library System Act. Any
13 library system created under the Illinois Library System
14 Act that has one or more predecessors that participated in
15 the Fund may participate in the Fund upon application. The
16 Board shall establish procedures for implementing the
17 transfer of rights and obligations from the predecessor
18 system to the successor system.

19 v. Regional Planning Commissions created under
20 Division 5-14 of the Counties Code or its predecessor law.

21 vi. Local Public Housing Authorities created under the
22 Housing Authorities Act, located in counties of less than
23 1,000,000 inhabitants.

24 vii. Illinois Municipal League.

25 viii. Northeastern Illinois Metropolitan Area Planning
26 Commission.

27 ix. Southwestern Illinois Metropolitan Area Planning
28 Commission.

29 x. Illinois Association of Park Districts.

30 xi. Illinois Supervisors, County Commissioners and
31 Superintendents of Highways Association.

32 xii. Tri-City Regional Port District.

33 xiii. An association, or not-for-profit corporation,
34 membership in which is authorized under Section 85-15 of
35 the Township Code.

36 xiv. Drainage Districts operating under the Illinois

1 Drainage Code.

2 xv. Local mass transit districts created under the
3 Local Mass Transit District Act.

4 xvi. Soil and water conservation districts created
5 under the Soil and Water Conservation Districts Law.

6 xvii. Commissions created to provide water supply or
7 sewer services or both under Division 135 or Division 136
8 of Article 11 of the Illinois Municipal Code.

9 xviii. Public water districts created under the Public
10 Water District Act.

11 xix. Veterans Assistance Commissions established under
12 Section 9 of the Military Veterans Assistance Act that
13 serve counties with a population of less than 1,000,000.

14 xx. The governing body of an entity, other than a
15 vocational education cooperative, created under an
16 intergovernmental cooperative agreement established
17 between participating municipalities under the
18 Intergovernmental Cooperation Act, which by the terms of
19 the agreement is the employer of the persons performing
20 services under the agreement under the usual common law
21 rules determining the employer-employee relationship. The
22 governing body of such an intergovernmental cooperative
23 entity established prior to July 1, 1988 may make
24 participation retroactive to the effective date of the
25 agreement and, if so, the effective date of participation
26 shall be the date the required application is filed with
27 the fund. If any such entity is unable to pay the required
28 employer contributions to the fund, then the participating
29 municipalities shall make payment of the required
30 contributions and the payments shall be allocated as
31 provided in the agreement or, if not so provided, equally
32 among them.

33 xxi. The Illinois Municipal Electric Agency.

34 xxii. The Waukegan Port District.

35 xxiii. The Fox Waterway Agency created under the Fox
36 Waterway Agency Act.

- 1 xxiv. The Illinois Municipal Gas Agency.
2 xxv. The Kaskaskia Regional Port District.
3 xxvi. The Southwestern Illinois Development Authority.
4 xxvii. The Cairo Public Utility Company.

5 (c) The governing boards of special education joint
6 agreements created under Section 10-22.31 of the School Code
7 without designation of an administrative district shall be
8 included within and be subject to this Article as participating
9 instrumentalities when the joint agreement becomes effective.
10 However, the governing board of any such special education
11 joint agreement in effect before September 5, 1975 shall not be
12 subject to this Article unless the joint agreement is modified
13 by the school districts to provide that the governing board is
14 subject to this Article, except as otherwise provided by this
15 Section.

16 The governing board of the Special Education District of
17 Lake County shall become subject to this Article as a
18 participating instrumentality on July 1, 1997. Notwithstanding
19 subdivision (a)1 of Section 7-139, on the effective date of
20 participation, employees of the governing board of the Special
21 Education District of Lake County shall receive creditable
22 service for their prior service with that employer, up to a
23 maximum of 5 years, without any employee contribution.
24 Employees may establish creditable service for the remainder of
25 their prior service with that employer, if any, by applying in
26 writing and paying an employee contribution in an amount
27 determined by the Fund, based on the employee contribution
28 rates in effect at the time of application for the creditable
29 service and the employee's salary rate on the effective date of
30 participation for that employer, plus interest at the effective
31 rate from the date of the prior service to the date of payment.
32 Application for this creditable service must be made before
33 July 1, 1998; the payment may be made at any time while the
34 employee is still in service. The employer may elect to make
35 the required contribution on behalf of the employee.

36 The governing board of a special education joint agreement

1 created under Section 10-22.31 of the School Code for which an
2 administrative district has been designated, if there are
3 employees of the cooperative educational entity who are not
4 employees of the administrative district, may elect to
5 participate in the Fund and be included within this Article as
6 a participating instrumentality, subject to such application
7 procedures and rules as the Board may prescribe.

8 The Boards of Control of cooperative or joint educational
9 programs or projects created and administered under Section
10 3-15.14 of the School Code, whether or not the Boards act as
11 their own administrative district, shall be included within and
12 be subject to this Article as participating instrumentalities
13 when the agreement establishing the cooperative or joint
14 educational program or project becomes effective.

15 The governing board of a special education joint agreement
16 entered into after June 30, 1984 and prior to September 17,
17 1985 which provides for representation on the governing board
18 by less than all the participating districts shall be included
19 within and subject to this Article as a participating
20 instrumentality. Such participation shall be effective as of
21 the date the joint agreement becomes effective.

22 The governing boards of educational service centers
23 established under Section 2-3.62 of the School Code shall be
24 included within and subject to this Article as participating
25 instrumentalities. The governing boards of vocational
26 education cooperative agreements created under the
27 Intergovernmental Cooperation Act and approved by the State
28 Board of Education shall be included within and be subject to
29 this Article as participating instrumentalities. If any such
30 governing boards or boards of control are unable to pay the
31 required employer contributions to the fund, then the school
32 districts served by such boards shall make payment of required
33 contributions as provided in Section 7-172. The payments shall
34 be allocated among the several school districts in proportion
35 to the number of students in average daily attendance for the
36 last full school year for each district in relation to the

1 total number of students in average attendance for such period
2 for all districts served. If such educational service centers,
3 vocational education cooperatives or cooperative or joint
4 educational programs or projects created and administered
5 under Section 3-15.14 of the School Code are dissolved, the
6 assets and obligations shall be distributed among the districts
7 in the same proportions unless otherwise provided.

8 (d) The governing boards of special recreation joint
9 agreements created under Section 8-10b of the Park District
10 Code, operating without designation of an administrative
11 district or an administrative municipality appointed to
12 administer the program operating under the authority of such
13 joint agreement shall be included within and be subject to this
14 Article as participating instrumentalities when the joint
15 agreement becomes effective. However, the governing board of
16 any such special recreation joint agreement in effect before
17 January 1, 1980 shall not be subject to this Article unless the
18 joint agreement is modified, by the districts and
19 municipalities which are parties to the agreement, to provide
20 that the governing board is subject to this Article.

21 If the Board returns any employer and employee
22 contributions to any employer which erroneously submitted such
23 contributions on behalf of a special recreation joint
24 agreement, the Board shall include interest computed from the
25 end of each year to the date of payment, not compounded, at the
26 rate of 7% per annum.

27 (e) Each multi-township assessment district, the board of
28 trustees of which has adopted this Article by ordinance prior
29 to April 1, 1982, shall be a participating instrumentality
30 included within and subject to this Article effective December
31 1, 1981. The contributions required under Section 7-172 shall
32 be included in the budget prepared under and allocated in
33 accordance with Section 2-30 of the Property Tax Code.

34 (f) The Illinois Medical District Commission created under
35 the Illinois Medical District Act may be included within and
36 subject to this Article as a participating instrumentality,

1 notwithstanding that the location of the District is entirely
2 within the City of Chicago. To become a participating
3 instrumentality, the Commission must apply to the Board in the
4 manner set forth in paragraph (a) of this subsection (B). If
5 the Board approves the application, under the criteria and
6 procedures set forth in paragraph (a) and any other applicable
7 rules, criteria, and procedures of the Board, participation by
8 the Commission shall commence on the effective date specified
9 by the Board.

10 (C) Prospective participants.

11 ~~(f)~~ Beginning January 1, 1992, each prospective
12 participating municipality or participating instrumentality
13 shall pay to the Fund the cost, as determined by the Board, of
14 a study prepared by the Fund or its actuary, detailing the
15 prospective costs of participation in the Fund to be expected
16 by the municipality or instrumentality.

17 (Source: P.A. 92-424, eff. 8-17-01; 93-777, eff. 7-21-04.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.