



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3178

Introduced 2/2/2026, by Sen. Emil Jones, III

SYNOPSIS AS INTRODUCED:

New Act

Creates the Municipal Water System Repurchase Act. Provides that a municipality may repurchase an investor-owned utility if the municipality finds that (1) the investor-owned utility is repeatedly non-compliant with the service quality standards mandated by the Illinois Commerce Commission; (2) water or wastewater service rates charged by the investor-owned utility have increased beyond the rate of inflation without corresponding improvements in service quality; or (3) a majority of the electorate in the municipality votes in favor of repurchase in a binding referendum. Provides that, if a municipality adopts an ordinance to repurchase an investor-owned utility, then the municipality shall provide written notice to (1) the investor-owned utility; (2) the Illinois Commerce Commission; and (3) all affected customers. Provides that a municipality may not repurchase an investor-owned utility unless (i) the municipality files a petition with the Illinois Commerce Commission and (ii) the Illinois Commerce Commission approves the petition. Provides that the Illinois Commerce Commission may approve the repurchase if it finds that (1) the municipality has complied with notice and hearing requirements; (2) the municipality used a reasonable method to determine the value of the investor-owned utility; (3) the repurchase of the investor-owned utility shall not cause unreasonable harm to customers or service continuity; and (4) the transition plan provides for uninterrupted utility service. Provides that, if the Illinois Commerce Commission approves a municipality's petition to repurchase an investor-owned utility, then the investor-owned utility shall transfer all facilities, records, and customer accounts to the municipality or its designated public entity. Provides that the purchase price for any system repurchased shall be determined by the fair market value of the system, including all physical assets and customer accounts, less depreciation, as determined by an independent valuation agreed upon by the parties or ordered by the Illinois Commerce Commission.

LRB104 20198 RTM 33649 b

A BILL FOR

1 AN ACT concerning local government.

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

4 Section 1. Short title. This Act may be cited as the
5 Municipal Water System Repurchase Act.

6 Section 5. Findings and purpose.

7 (a) The General Assembly finds that:

8 (1) Water systems are critical public infrastructure
9 that directly impact public health, economic development,
10 and environmental protection.

11 (2) Some municipalities have sold these systems to
12 investor-owned utilities but may wish to regain local
13 control when service quality, rates, or accountability do
14 not meet community expectations.

15 (3) A clear statutory process for repurchase by
16 municipalities will empower local governance while
17 maintaining regulatory protections and ensuring orderly
18 transitions.

19 (b) The purpose of this Act is to establish a clear and
20 equitable legal pathway for municipalities to repurchase water
21 systems from regulated private utilities when certain
22 conditions are met.

1 Section 10. Definitions. As used in this Act:

2 "Investor-owned utility" means any public utility subject
3 to the jurisdiction of the Illinois Commerce Commission that
4 provides water services, wastewater services, or both water
5 services and wastewater services.

6 "Municipality" means a city, village, or incorporated town
7 in the State.

8 "Water system" means a public utility facility used for
9 producing, treating, transmitting, distributing, or disposing
10 of water or wastewater services serving residential and
11 commercial customers.

12 Section 15. Municipal authority to repurchase an
13 investor-owned utility.

14 (a) A municipality may repurchase an investor-owned
15 utility if the municipality finds that:

16 (1) the investor-owned utility is repeatedly
17 non-compliant with the service quality standards mandated
18 by the Illinois Commerce Commission;

19 (2) water or wastewater service rates charged by the
20 investor-owned utility have increased beyond the rate of
21 inflation without corresponding improvements in service
22 quality; or

23 (3) a majority of the electorate in the municipality
24 votes in favor of repurchase in a binding referendum.

25 (b) A municipality seeking repurchase must adopt an

1 ordinance by its corporate authorities setting forth the basis
2 for repurchase and providing notice to all affected customers
3 and the investor-owned utility.

4 Section 20. Notice. If a municipality adopts an ordinance
5 to repurchase an investor-owned utility, then the municipality
6 shall provide written notice to:

- 7 (1) the investor-owned utility;
- 8 (2) the Illinois Commerce Commission; and
- 9 (3) all affected customers.

10 Section 25. Public hearing. A municipality shall hold at
11 least one public hearing at least 30 days after the
12 municipality has completed the notice requirements under
13 Section 20. The public hearing shall allow for public comment
14 on the proposed repurchase.

15 Section 30. Illinois Commerce Commission filing. A
16 municipality shall file a petition with the Illinois Commerce
17 Commission for approval of the repurchase before the
18 municipality may repurchase an investor-owned utility. A
19 municipality may not repurchase an investor-owned utility
20 unless the petition is approved. The petition must include:

- 21 (1) the repurchase plan;
- 22 (2) proposed terms and compensation;
- 23 (3) estimated impact on rates; and

1 (4) a transition plan to ensure uninterrupted service.

2 Section 35. Illinois Commerce Commission review and
3 approval.

4 (a) The Illinois Commerce Commission shall review a
5 petition to repurchase an investor-owned utility within 180
6 days of receiving the petition. The Illinois Commerce
7 Commission may approve the repurchase if it finds that:

8 (1) the municipality has complied with notice and
9 hearing requirements of this Act;

10 (2) the municipality used a reasonable method to
11 determine the value of the investor-owned utility;

12 (3) the repurchase of the investor-owned utility shall
13 not cause unreasonable harm to customers or service
14 continuity; and

15 (4) the transition plan provides for uninterrupted
16 utility service.

17 (b) In the Illinois Commerce Commission's approval of a
18 repurchase, the Illinois Commerce Commission may impose
19 conditions necessary to protect customers and ensure
20 compliance with safety and service standards.

21 Section 40. Transition and continuity of service.

22 (a) If the Illinois Commerce Commission approves a
23 municipality's petition to repurchase an investor-owned
24 utility, then the investor-owned utility shall transfer all

1 facilities, records, and customer accounts to the municipality
2 or its designated public entity.

3 (b) The investor-owned utility shall cooperate and assist
4 in the transition, including workforce considerations, and
5 comply with all labor laws.

6 Section 45. Valuation and compensation.

7 (a) The purchase price for any system repurchased under
8 this Act shall be determined by the fair market value of the
9 system, including all physical assets and customer accounts,
10 less depreciation, as determined by an independent valuation
11 agreed upon by the parties or ordered by the Illinois Commerce
12 Commission.

13 (b) The process for valuation shall be transparent and
14 include opportunities for both the investor-owned utility and
15 the municipality to submit evidence.

16 Section 50. Rate setting after repurchase.

17 (a) Following repurchase, the municipality may establish
18 rates consistent with statutory requirements and in
19 consultation with the Illinois Commerce Commission or
20 appropriate regulatory authority to ensure rates are fair,
21 just, and reasonable.

22 (b) Any new rate structure shall include considerations
23 for low-income affordability programs.

1 Section 97. Severability. The provisions of this Act are
2 severable under Section 1.31 of the Statute on Statutes.