

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

1 after publication of the census, the Board shall notify any
2 municipality that has become subject to this Article as a
3 result of that census, and shall provide information to the
4 corporate authorities of the municipality explaining the
5 duties and consequences of participation. The notification
6 shall also include a proposed date upon which participation
7 by the municipality will commence.

8 However, for any city, village or incorporated town
9 that attains a population over 5,000 inhabitants after
10 having provided social security coverage for its employees
11 under the Social Security Enabling Act, participation
12 under this Article shall not be mandatory but may be
13 elected in accordance with subparagraph (3) or (4) of this
14 paragraph (a), whichever is applicable.

15 (2) School districts, other than those specifically
16 excluded under this Article, shall be subject to this
17 Article, without election, with respect to all employees
18 thereof.

19 (3) Towns and all other bodies politic and corporate
20 which are formed by vote of, or are subject to control by,
21 the electors in towns and are located in towns which are
22 not participating municipalities on the effective date of
23 this Act, may become subject to this Article by election
24 pursuant to Section 7-132.1.

25 (4) Any other municipality (together with its
26 instrumentalities), other than those specifically excluded

1 from participation and those described in paragraph (3)
2 above, may elect to be included either by referendum under
3 Section 7-134 or by the adoption of a resolution or
4 ordinance by its governing body. A copy of such resolution
5 or ordinance duly authenticated and certified by the clerk
6 of the municipality or other appropriate official of its
7 governing body shall constitute the required notice to the
8 board of such action.

9 (b) A municipality that is about to begin participation
10 shall submit to the Board an application to participate, in a
11 form acceptable to the Board, not later than 90 days prior to
12 the proposed effective date of participation. The Board shall
13 act upon the application within 90 days, and if it finds that
14 the application is in conformity with its requirements and the
15 requirements of this Article, participation by the applicant
16 shall commence on a date acceptable to the municipality and
17 specified by the Board, but in no event more than one year from
18 the date of application.

19 (c) A participating municipality which succeeds to the
20 functions of a participating municipality which is dissolved or
21 terminates its existence shall assume and be transferred the
22 net accumulation balance in the municipality reserve and the
23 municipality account receivable balance of the terminated
24 municipality.

25 (d) In the case of a Veterans Assistance Commission whose
26 employees were being treated by the Fund on January 1, 1990 as

1 employees of the county served by the Commission, the Fund may
2 continue to treat the employees of the Veterans Assistance
3 Commission as county employees for the purposes of this
4 Article, unless the Commission becomes a participating
5 instrumentality in accordance with subsection (B) of this
6 Section.

7 (B) Participating instrumentalities.

8 (a) The participating instrumentalities designated in
9 paragraph (b) of this subsection shall be included within and
10 be subject to this Article if:

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

15 (2) the Board finds that the application is in
16 conformity with its requirements, that the applicant has
17 reasonable expectation to continue as a political entity
18 for a period of at least 10 years and has the prospective
19 financial capacity to meet its current and future
20 obligations to the Fund, and that the actuarial soundness
21 of the Fund may be reasonably expected to be unimpaired by
22 approval of participation by the applicant.

23 The Board shall notify the applicant of its findings within
24 90 days after receiving the application, and if the Board
25 approves the application, participation by the applicant shall

1 commence on the effective date specified by the Board.

2 (b) The following participating instrumentalities, so long
3 as they meet the requirements of Section 7-108 and the area
4 served by them or within their jurisdiction is not located
5 entirely within a municipality having more than one million
6 inhabitants, may be included hereunder:

7 i. Township School District Trustees.

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

11 iii. Public Building Commissions created under the
12 Public Building Commission Act, and located in counties of
13 less than 1,000,000 inhabitants.

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

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

24 vi. Local Public Housing Authorities created under the
25 Housing Authorities Act, located in counties of less than
26 1,000,000 inhabitants.

- 1 vii. Illinois Municipal League.
- 2 viii. Northeastern Illinois Metropolitan Area Planning
3 Commission.
- 4 ix. Southwestern Illinois Metropolitan Area Planning
5 Commission.
- 6 x. Illinois Association of Park Districts.
- 7 xi. Illinois Supervisors, County Commissioners and
8 Superintendents of Highways Association.
- 9 xii. Tri-City Regional Port District.
- 10 xiii. An association, or not-for-profit corporation,
11 membership in which is authorized under Section 85-15 of
12 the Township Code.
- 13 xiv. Drainage Districts operating under the Illinois
14 Drainage Code.
- 15 xv. Local mass transit districts created under the
16 Local Mass Transit District Act.
- 17 xvi. Soil and water conservation districts created
18 under the Soil and Water Conservation Districts Law.
- 19 xvii. Commissions created to provide water supply or
20 sewer services or both under Division 135 or Division 136
21 of Article 11 of the Illinois Municipal Code.
- 22 xviii. Public water districts created under the Public
23 Water District Act.
- 24 xix. Veterans Assistance Commissions established under
25 Section 9 of the Military Veterans Assistance Act that
26 serve counties with a population of less than 1,000,000.

1 xx. The governing body of an entity, other than a
2 vocational education cooperative, created under an
3 intergovernmental cooperative agreement established
4 between participating municipalities under the
5 Intergovernmental Cooperation Act, which by the terms of
6 the agreement is the employer of the persons performing
7 services under the agreement under the usual common law
8 rules determining the employer-employee relationship. The
9 governing body of such an intergovernmental cooperative
10 entity established prior to July 1, 1988 may make
11 participation retroactive to the effective date of the
12 agreement and, if so, the effective date of participation
13 shall be the date the required application is filed with
14 the fund. If any such entity is unable to pay the required
15 employer contributions to the fund, then the participating
16 municipalities shall make payment of the required
17 contributions and the payments shall be allocated as
18 provided in the agreement or, if not so provided, equally
19 among them.

20 xxi. The Illinois Municipal Electric Agency.

21 xxii. The Waukegan Port District.

22 xxiii. The Fox Waterway Agency created under the Fox
23 Waterway Agency Act.

24 xxiv. The Illinois Municipal Gas Agency.

25 xxv. The Kaskaskia Regional Port District.

26 xxvi. The Southwestern Illinois Development Authority.

1 xxvii. The Cairo Public Utility Company.

2 xxviii. The Illinois Park and Recreation Association,
3 but only if the Association has a ruling from the United
4 States Internal Revenue Service that it is a governmental
5 entity.

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

17 The governing board of the Special Education District of
18 Lake County shall become subject to this Article as a
19 participating instrumentality on July 1, 1997. Notwithstanding
20 subdivision (a)1 of Section 7-139, on the effective date of
21 participation, employees of the governing board of the Special
22 Education District of Lake County shall receive creditable
23 service for their prior service with that employer, up to a
24 maximum of 5 years, without any employee contribution.
25 Employees may establish creditable service for the remainder of
26 their prior service with that employer, if any, by applying in

1 writing and paying an employee contribution in an amount
2 determined by the Fund, based on the employee contribution
3 rates in effect at the time of application for the creditable
4 service and the employee's salary rate on the effective date of
5 participation for that employer, plus interest at the effective
6 rate from the date of the prior service to the date of payment.
7 Application for this creditable service must be made before
8 July 1, 1998; the payment may be made at any time while the
9 employee is still in service. The employer may elect to make
10 the required contribution on behalf of the employee.

11 The governing board of a special education joint agreement
12 created under Section 10-22.31 of the School Code for which an
13 administrative district has been designated, if there are
14 employees of the cooperative educational entity who are not
15 employees of the administrative district, may elect to
16 participate in the Fund and be included within this Article as
17 a participating instrumentality, subject to such application
18 procedures and rules as the Board may prescribe.

19 The Boards of Control of cooperative or joint educational
20 programs or projects created and administered under Section
21 3-15.14 of the School Code, whether or not the Boards act as
22 their own administrative district, shall be included within and
23 be subject to this Article as participating instrumentalities
24 when the agreement establishing the cooperative or joint
25 educational program or project becomes effective.

26 The governing board of a special education joint agreement

1 entered into after June 30, 1984 and prior to September 17,
2 1985 which provides for representation on the governing board
3 by less than all the participating districts shall be included
4 within and subject to this Article as a participating
5 instrumentality. Such participation shall be effective as of
6 the date the joint agreement becomes effective.

7 The governing boards of educational service centers
8 established under Section 2-3.62 of the School Code shall be
9 included within and subject to this Article as participating
10 instrumentalities. The governing boards of vocational
11 education cooperative agreements created under the
12 Intergovernmental Cooperation Act and approved by the State
13 Board of Education shall be included within and be subject to
14 this Article as participating instrumentalities. If any such
15 governing boards or boards of control are unable to pay the
16 required employer contributions to the fund, then the school
17 districts served by such boards shall make payment of required
18 contributions as provided in Section 7-172. The payments shall
19 be allocated among the several school districts in proportion
20 to the number of students in average daily attendance for the
21 last full school year for each district in relation to the
22 total number of students in average attendance for such period
23 for all districts served. If such educational service centers,
24 vocational education cooperatives or cooperative or joint
25 educational programs or projects created and administered
26 under Section 3-15.14 of the School Code are dissolved, the

1 assets and obligations shall be distributed among the districts
2 in the same proportions unless otherwise provided.

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

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

22 (e) Each multi-township assessment district, the board of
23 trustees of which has adopted this Article by ordinance prior
24 to April 1, 1982, shall be a participating instrumentality
25 included within and subject to this Article effective December
26 1, 1981. The contributions required under Section 7-172 shall

1 be included in the budget prepared under and allocated in
2 accordance with Section 2-30 of the Property Tax Code.

3 (f) The Illinois Medical District Commission created under
4 the Illinois Medical District Act may be included within and
5 subject to this Article as a participating instrumentality,
6 notwithstanding that the location of the District is entirely
7 within the City of Chicago. To become a participating
8 instrumentality, the Commission must apply to the Board in the
9 manner set forth in paragraph (a) of this subsection (B). If
10 the Board approves the application, under the criteria and
11 procedures set forth in paragraph (a) and any other applicable
12 rules, criteria, and procedures of the Board, participation by
13 the Commission shall commence on the effective date specified
14 by the Board.

15 (C) Prospective participants.

16 Beginning January 1, 1992, each prospective participating
17 municipality or participating instrumentality shall pay to the
18 Fund the cost, as determined by the Board, of a study prepared
19 by the Fund or its actuary, detailing the prospective costs of
20 participation in the Fund to be expected by the municipality or
21 instrumentality.

22 (Source: P.A. 93-777, eff. 7-21-04; 94-1046, eff. 7-24-06.)

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.