

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

31 However, for any city, village or incorporated town

1 that attains a population over 5,000 inhabitants after  
2 having provided social security coverage for its  
3 employees under the Social Security Enabling Act,  
4 participation under this Article shall not be mandatory  
5 but may be elected in accordance with subparagraph (3) or  
6 (4) of this paragraph (a), whichever is applicable.

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

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

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

28 (b) A municipality that is about to begin participation  
29 shall submit to the Board an application to participate, in a  
30 form acceptable to the Board, not later than 90 days prior to  
31 the proposed effective date of participation. The Board  
32 shall act upon the application within 90 days, and if it  
33 finds that the application is in conformity with its  
34 requirements and the requirements of this Article,

1 participation by the applicant shall commence on a date  
2 acceptable to the municipality and specified by the Board,  
3 but in no event more than one year from the date of  
4 application.

5 (c) A participating municipality which succeeds to the  
6 functions of a participating municipality which is dissolved  
7 or terminates its existence shall assume and be transferred  
8 the net accumulation balance in the municipality reserve and  
9 the municipality account receivable balance of the terminated  
10 municipality.

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

19 (B) Participating instrumentalities.

20 (a) The participating instrumentalities designated in  
21 paragraph (b) of this subsection shall be included within and  
22 be subject to this Article if:

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

28 (2) the Board finds that the application is in  
29 conformity with its requirements, that the applicant has  
30 reasonable expectation to continue as a political entity  
31 for a period of at least 10 years and has the prospective  
32 financial capacity to meet its current and future  
33 obligations to the Fund, and that the actuarial soundness  
34 of the Fund may be reasonably expected to be unimpaired

1 by approval of participation by the applicant.

2 The Board shall notify the applicant of its findings  
3 within 90 days after receiving the application, and if the  
4 Board approves the application, participation by the  
5 applicant shall commence on the effective date specified by  
6 the Board.

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

12 i. Township School District Trustees.

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

16 iii. Public Building Commissions created under the  
17 Public Building Commission Act, and located in counties  
18 of less than 1,000,000 inhabitants.

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

27 v. Regional Planning Commissions created under  
28 Division 5-14 of the Counties Code or its predecessor  
29 law.

30 vi. Local Public Housing Authorities created under  
31 the Housing Authorities Act, located in counties of less  
32 than 1,000,000 inhabitants.

33 vii. Illinois Municipal League.

34 viii. Northeastern Illinois Metropolitan Area

- 1 Planning Commission.
- 2 ix. Southwestern Illinois Metropolitan Area
- 3 Planning Commission.
- 4 x. Illinois Association of Park Districts.
- 5 xi. Illinois Supervisors, County Commissioners and
- 6 Superintendents of Highways Association.
- 7 xii. Tri-City Regional Port District.
- 8 xiii. An association, or not-for-profit
- 9 corporation, membership in which is authorized under
- 10 Section 85-15 of the Township Code.
- 11 xiv. Drainage Districts operating under the
- 12 Illinois Drainage Code.
- 13 xv. Local mass transit districts created under the
- 14 Local Mass Transit District Act.
- 15 xvi. Soil and water conservation districts created
- 16 under the Soil and Water Conservation Districts Law.
- 17 xvii. Commissions created to provide water supply
- 18 or sewer services or both under Division 135 or Division
- 19 136 of Article 11 of the Illinois Municipal Code.
- 20 xviii. Public water districts created under the
- 21 Public Water District Act.
- 22 xix. Veterans Assistance Commissions established
- 23 under Section 9 of the Military Veterans Assistance Act
- 24 that serve counties with a population of less than
- 25 1,000,000.
- 26 xx. The governing body of an entity, other than a
- 27 vocational education cooperative, created under an
- 28 intergovernmental cooperative agreement established
- 29 between participating municipalities under the
- 30 Intergovernmental Cooperation Act, which by the terms of
- 31 the agreement is the employer of the persons performing
- 32 services under the agreement under the usual common law
- 33 rules determining the employer-employee relationship.
- 34 The governing body of such an intergovernmental

1 cooperative entity established prior to July 1, 1988 may  
2 make participation retroactive to the effective date of  
3 the agreement and, if so, the effective date of  
4 participation shall be the date the required application  
5 is filed with the fund. If any such entity is unable to  
6 pay the required employer contributions to the fund, then  
7 the participating municipalities shall make payment of  
8 the required contributions and the payments shall be  
9 allocated as provided in the agreement or, if not so  
10 provided, equally among them.

11 xxi. The Illinois Municipal Electric Agency.

12 xxii. The Waukegan Port District.

13 xxiii. The Fox Waterway Agency created under the  
14 Fox Waterway Agency Act.

15 xxiv. The governing body of a charter school  
16 chartered by a local school board (other than a charter  
17 school located in a city with a population over  
18 1,000,000), with respect to those of its employees who  
19 are not eligible to participate in any other pension fund  
20 or retirement system established under this Code. As a  
21 condition of participation, the governing body of the  
22 charter school must obtain the agreement of the local  
23 school board to assume any remaining obligations of the  
24 charter school to the Fund in the event that the charter  
25 school is discontinued.

26 (c) The governing boards of special education joint  
27 agreements created under Section 10-22.31 of the School Code  
28 without designation of an administrative district shall be  
29 included within and be subject to this Article as  
30 participating instrumentalities when the joint agreement  
31 becomes effective. However, the governing board of any such  
32 special education joint agreement in effect before September  
33 5, 1975 shall not be subject to this Article unless the joint  
34 agreement is modified by the school districts to provide that

1 the governing board is subject to this Article, except as  
2 otherwise provided by this Section.

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

24 The governing board of a special education joint  
25 agreement created under Section 10-22.31 of the School Code  
26 for which an administrative district has been designated, if  
27 there are employees of the cooperative educational entity who  
28 are not employees of the administrative district, may elect  
29 to participate in the Fund and be included within this  
30 Article as a participating instrumentality, subject to such  
31 application procedures and rules as the Board may prescribe.

32 The Boards of Control of cooperative or joint educational  
33 programs or projects created and administered under Section  
34 3-15.14 of the School Code, whether or not the Boards act as

1 their own administrative district, shall be included within  
2 and be subject to this Article as participating  
3 instrumentalities when the agreement establishing the  
4 cooperative or joint educational program or project becomes  
5 effective.

6 The governing board of a special education joint  
7 agreement entered into after June 30, 1984 and prior to  
8 September 17, 1985 which provides for representation on the  
9 governing board by less than all the participating districts  
10 shall be included within and subject to this Article as a  
11 participating instrumentality. Such participation shall be  
12 effective as of the date the joint agreement becomes  
13 effective.

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

1 shall be distributed among the districts in the same  
2 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  
9 this Article as participating instrumentalities when the  
10 joint agreement becomes effective. However, the governing  
11 board of any such special recreation joint agreement in  
12 effect before January 1, 1980 shall not be subject to this  
13 Article unless the joint agreement is modified, by the  
14 districts and municipalities which are parties to the  
15 agreement, to provide that the governing board is subject to  
16 this Article.

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

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

31 (f) Beginning January 1, 1992, each prospective  
32 participating municipality or participating instrumentality  
33 shall pay to the Fund the cost, as determined by the Board,  
34 of a study prepared by the Fund or its actuary, detailing the

1 prospective costs of participation in the Fund to be expected  
2 by the municipality or instrumentality.

3 (Source: P.A. 89-162, eff. 7-19-95; 90-511, eff. 8-22-97.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.