



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1797

Introduced 2/26/2021, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-10-1 from Ch. 24, par. 11-10-1
65 ILCS 5/11-10-2 from Ch. 24, par. 11-10-2

Amends the Illinois Municipal Code. Provides that the fee that must be paid to a foreign fire insurance board by a corporation, company, or association that is not incorporated under the laws of the State and which is engaged in effecting fire insurance in the municipality or fire protection district shall be 2% of the gross receipts received from fire insurance upon property situated within the municipality or district (rather than a sum not exceeding 2%). Allows a foreign fire insurance board aggrieved by a violation relating to foreign fire insurance board fees to file suit. Provides that a department foreign fire insurance board may: (i) establish, manage, and maintain an account for the holding and expenditure of all funds paid to the board; (ii) contract for the purchase of goods and services; and (iii) sue all parties necessary to enforce its rights. Limits home rule powers. Makes other changes. Effective immediately.

LRB102 10594 AWJ 15923 b

FISCAL NOTE ACT
MAY APPLY

HOME RULE NOTE
ACT MAY APPLY

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 5. The Illinois Municipal Code is amended by
5 changing Sections 11-10-1 and 11-10-2 as follows:

6 (65 ILCS 5/11-10-1) (from Ch. 24, par. 11-10-1)

7 Sec. 11-10-1. (a) In each municipality or fire protection
8 district, whether incorporated under a general or special law,
9 which has a fire department established and maintained by
10 municipal or fire protection district ordinances, every
11 corporation, company, and association which is not
12 incorporated under the laws of this state and which is engaged
13 in effecting fire insurance in the municipality or fire
14 protection district, shall pay to the foreign fire insurance
15 board or to the secretary of the fire protection district for
16 the maintenance, use, and benefit of the fire department
17 thereof, a sum of ~~not exceeding~~ 2% of the gross receipts
18 received from fire insurance upon property situated within the
19 municipality or district.

20 ~~Each municipality and fire protection district may~~
21 ~~prescribe by ordinance the rate of the tax or license fee to be~~
22 ~~paid, but this rate shall not exceed the rate specified in this~~
23 ~~section.~~ Each designated corporation, company, and association

1 shall pay at the rate so prescribed by this subsection, upon
2 the amount of all premiums which have been received during the
3 year ending on every first day of July for all fire insurance
4 effected or agreed to be effected on property situated within
5 the municipality or fire protection district, by that
6 corporation, company, or association respectively.

7 Every person who acts in any specified municipality or
8 fire protection district as agent, or otherwise, on behalf of
9 a designated corporation, company, or association, shall
10 render to the treasurer of the foreign fire insurance board or
11 secretary of the fire protection district, on or before the
12 fifteenth day of July of each year, a full and true account,
13 verified by his oath, of all of the premiums which, during the
14 year ending on the first day of July preceding the report, were
15 received by him, or by any other person for him on behalf of
16 that corporation, company, or association. He shall specify in
17 this report the amounts received for fire insurance, and he
18 shall pay to the treasurer of the foreign fire insurance
19 board, or to the secretary of the fire protection district, at
20 the time of rendering this report, the amount as determined by
21 the rate fixed by this subsection ~~by the ordinance of the~~
22 ~~municipality or fire protection district for which his~~
23 ~~corporation, company, or association is accountable under this~~
24 ~~section and the ordinance.~~

25 If this account is not rendered on or before the fifteenth
26 day of July of each year, or if the sum due remains unpaid

1 after that day, it shall be unlawful for any corporation,
2 company, or association, so in default, to transact any
3 business in the municipality or fire protection district until
4 the sum due has been fully paid. But this provision shall not
5 relieve any corporation, company, or association from the
6 payment of any loss upon any risk that may be taken in
7 violation of this requirement.

8 The amount of this tax or license fee may be recovered from
9 the corporation, company, or association which owes it, or
10 from its agent, by an action brought by a foreign fire
11 insurance board ~~in the name and for the use of the municipality~~
12 ~~or fire protection district as for money had and received.~~

13 The foreign fire insurance board ~~municipal comptroller, if~~
14 ~~any, and if not, then the municipal clerk~~ or the secretary of
15 the fire protection district, or their designee, may examine
16 the books, records, and other papers and documents of a
17 designated agent, corporation, company, or association for the
18 purpose of verifying the correctness of the report of the
19 amounts received for fire insurance.

20 This subsection ~~section~~ shall not be applicable to
21 receipts from contracts of marine insurance, even though they
22 include insurance against fire, where the premium for the fire
23 insurance is not separately specified.

24 (b) A foreign fire insurance board aggrieved by a
25 violation of this Section may file suit in the Circuit Court in
26 the county where the alleged violation occurred.

1 (c) The regulation of foreign fire insurance boards and
2 their taxes or license fees are exclusive powers and functions
3 of the State. A home rule municipality may not regulate
4 foreign fire insurance boards and their taxes or license fees.
5 This Section is a denial and limitation of home rule powers and
6 functions under subsection (h) of Section 6 of Article VII of
7 the Illinois Constitution.

8 (Source: P.A. 95-807, eff. 8-12-08.)

9 (65 ILCS 5/11-10-2) (from Ch. 24, par. 11-10-2)

10 Sec. 11-10-2. (a) A department foreign fire insurance
11 board shall be created by and among the sworn members of ~~within~~
12 the fire department of each municipality with fewer than
13 500,000 inhabitants that has an organized fire department. The
14 board shall consist of 7 trustees; the fire chief, who shall
15 hold office by virtue of rank, and 6 members, who shall be
16 elected at large by the sworn members of the department. If
17 there is an insufficient number of candidates to fill all
18 these positions, the number of board members may be reduced,
19 but not to fewer than 3 trustees. All members of the department
20 shall be eligible to be elected as officers of the department
21 foreign fire insurance board. The members of this board shall
22 annually elect officers. These officers shall be a chairman
23 and a treasurer. The trustees of the department foreign fire
24 insurance board shall make all needful rules and regulations
25 with respect to the department foreign fire insurance board

1 and the management of the money to be paid ~~appropriated~~ to the
2 board. The department foreign fire insurance board may
3 establish, manage, and maintain an account for the holding and
4 expenditure of all funds paid to the board. The department
5 foreign fire insurance board may contract for the purchase of
6 goods and services. The department foreign fire insurance
7 board may sue all parties necessary to enforce its rights
8 under this Section. The officers of the department foreign
9 fire insurance board shall develop and maintain a listing of
10 those items that the board feels are appropriate expenditures
11 under this Act. The treasurer of the department foreign fire
12 insurance board shall give a sufficient bond to the
13 municipality in which the fire department is organized. This
14 bond shall be approved by the mayor or president, as the case
15 may be, conditioned upon the faithful performance by the
16 treasurer of his or her duties under ~~the ordinance and~~ the
17 rules and regulations provided for in this section. The
18 treasurer of the department foreign fire insurance board shall
19 receive the appropriated money and shall pay out the money
20 upon the order of the department foreign fire insurance board
21 for the maintenance, use, and benefit of the department. As
22 part of the annual municipal audit, these funds shall be
23 audited to verify that the funds have been expended by that
24 board only for the maintenance, use, and benefit of the
25 department.

26 (b) As used in this subsection, "active member" means a

1 member of the Chicago Fire Department who is not receiving a
2 disability pension, retired, or a deferred pensioner of the
3 Firemen's Annuity and Benefit Fund of Chicago.

4 A department foreign fire insurance board is created
5 within the Chicago Fire Department. The board shall consist of
6 7 trustees who shall be initially elected on or before January
7 1, 2019: the fire commissioner, who shall hold office by
8 virtue of rank, and 6 elected trustees, who shall be elected at
9 large by the sworn members of the department. If there is an
10 insufficient number of candidates seeking election to each
11 vacant trustee position, the number of board members is
12 reduced to 5 trustees, including the fire commissioner of the
13 department, until the next election cycle when there are
14 enough active members seeking election to fill all 7 member
15 seats. All active members are eligible to be elected as
16 trustees of the department foreign fire insurance board. Of
17 the trustees first elected, 3 trustees shall be elected to a
18 2-year term and 3 trustees shall be elected to a 3-year term.
19 After the initial election, a trustee shall be elected for a
20 term of 3 years. If a member of the board resigns, is removed,
21 or is unable to continue serving on the board, the vacancy
22 shall be filled by special election of the active members or,
23 in the case of a vacancy that will exist for fewer than 180
24 days until the term expires, by appointment by majority vote
25 of the members of the board.

26 The members of the board shall annually elect officers.

1 These officers shall be a chairman, treasurer, and secretary.
2 The trustees of the board shall make rules and regulations
3 with respect to the board and the management of the money
4 appropriated to the board. The officers of the board shall
5 develop and maintain a listing of those items that the board
6 believes are appropriate expenditures under this subsection.
7 The treasurer of the board shall give a sufficient bond to the
8 City of Chicago. The cost of the bond shall be paid out of the
9 moneys in the board's fund. The bond shall be conditioned upon
10 the faithful performance by the treasurer of his or her duties
11 under the rules and regulations provided for in this
12 subsection. The treasurer of the board shall receive the
13 appropriated proceeds and shall disburse the proceeds upon the
14 order of the board for the maintenance, use, and benefit of the
15 department consistent with this subsection. As part of the
16 annual municipal audit, these funds shall be audited to verify
17 that the funds have been expended lawfully by the board
18 consistent with this subsection.

19 Within 30 days after receipt of any foreign fire insurance
20 proceeds by the City of Chicago, the City of Chicago shall
21 transfer the proceeds to the board by depositing the proceeds
22 into an account determined by the board, except that if the
23 effective date of this amendatory Act of the 100th General
24 Assembly is after July 31, 2018, then the City of Chicago
25 shall, for budget year 2019 only, transfer only 50% of the
26 proceeds to the board. Notwithstanding any other provision of

1 law: 50% of the foreign fire insurance proceeds received by
2 the board shall be used for the maintenance, use, benefit, or
3 enhancement of fire stations or training facilities used by
4 the active members of the fire department; 25% of the foreign
5 fire insurance proceeds received by the board shall be used
6 for the maintenance, use, benefit, or enhancement of emergency
7 response vehicles, tools, and equipment used by the active
8 members of the department; and 25% of the foreign fire
9 insurance proceeds received by the board shall be used for the
10 maintenance and enhancement of the department and for the use
11 and benefit of the active members of the department in a manner
12 otherwise consistent with this subsection. Foreign fire
13 insurance proceeds may not be used to purchase, maintain, or
14 enhance personal property of a member of the department,
15 except for personal property used in the performance of his or
16 her duties or training activities.

17 (c) The provisions of this Section shall be the exclusive
18 power of the State, pursuant to subsection (h) of Section 6 of
19 Article VII of the Constitution.

20 (Source: P.A. 100-656, eff. 7-31-18.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.