

1 AN ACT concerning local funds.

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

4 Section 5. The Local Governmental and Governmental
5 Employees Tort Immunity Act is amended by changing Section
6 9-107 as follows:

7 (745 ILCS 10/9-107) (from Ch. 85, par. 9-107)
8 Sec. 9-107. Policy; tax levy.

9 (a) The General Assembly finds that the purpose of this
10 Section is to provide an extraordinary tax for funding
11 expenses relating to tort liability, insurance, and risk
12 management programs. Thus, the tax has been excluded from
13 various limitations otherwise applicable to tax levies.
14 Notwithstanding the extraordinary nature of the tax
15 authorized by this Section, however, it has become apparent
16 that some units of local government are using the tax revenue
17 to fund expenses more properly paid from general operating
18 funds. These uses of the revenue are inconsistent with the
19 limited purpose of the tax authorization.

20 Therefore, the General Assembly declares, as a matter of
21 policy, that (i) the use of the tax revenue authorized by
22 this Section for purposes not expressly authorized under this
23 Act is improper and (ii) the provisions of this Section shall
24 be strictly construed consistent with this declaration and
25 the Act's express purposes.

26 (b) A local public entity may annually levy or have
27 levied on its behalf taxes upon all taxable property within
28 its territory at a rate that will produce a sum that will be
29 sufficient to: (i) pay the cost of insurance, individual or
30 joint self-insurance (including reserves thereon), including
31 all operating and administrative costs and expenses directly

1 associated therewith, claims services and risk management
2 directly attributable to loss prevention and loss reduction,
3 legal services directly attributable to the insurance,
4 self-insurance, or joint self-insurance program, and
5 educational, inspectional, and supervisory services directly
6 relating to loss prevention and loss reduction, participation
7 in a reciprocal insurer as provided in Sections 72, 76, and
8 81 of the Illinois Insurance Code, or participation in a
9 reciprocal insurer, all as provided in settlements or
10 judgments under Section 9-102, including all costs and
11 reserves directly attributable to being a member of an
12 insurance pool, under Section 9-103; (ii) pay the costs of
13 and principal and interest on bonds issued under Section
14 9-105; (iii) pay judgments and settlements under Section
15 9-104; and (iv) discharge obligations under Section 34-18.1
16 of The School Code, as now or hereafter amended, and to pay
17 the cost of risk management programs. Provided it complies
18 with any other applicable statutory requirements, the local
19 public entity may self-insure and establish reserves for
20 expected losses for any property damage or for any liability
21 or loss for which the local public entity is authorized to
22 levy or have levied on its behalf taxes for the purchase of
23 insurance or the payment of judgments or settlements under
24 this Section. The decision of the board to establish a
25 reserve shall be based on reasonable actuarial or insurance
26 underwriting evidence and subject to the limits and reporting
27 provisions in Section 9-103.

28 If a school district was a member of a
29 joint-self-health-insurance cooperative that had more
30 liability in outstanding claims than revenue to pay those
31 claims, the school board of that district may by resolution
32 make a one-time transfer from any fund in which tort immunity
33 moneys are maintained to the fund or funds from which
34 payments to a joint-self-health-insurance cooperative can be

1 or have been made of an amount not to exceed the amount of
2 the liability claim that the school district owes to the
3 joint-self-health-insurance cooperative or that the school
4 district paid within the 2 years immediately preceding the
5 effective date of this amendatory Act of the 92nd General
6 Assembly.

7 Funds raised pursuant to this Section shall only be used
8 for the purposes specified in this Act, including protection
9 against and reduction of any liability or loss described
10 hereinabove and under Federal or State common or statutory
11 law, the Workers' Compensation Act, the Workers' Occupational
12 Diseases Act and the Unemployment Insurance Act. Funds
13 raised pursuant to this Section may be invested in any manner
14 in which other funds of local public entities may be invested
15 under Section 2 of the Public Funds Investment Act. Interest
16 on such funds shall be used only for purposes for which the
17 funds can be used or, if surplus, must be used for abatement
18 of property taxes levied by the local taxing entity.

19 A local public entity may enter into intergovernmental
20 contracts with a term of not to exceed 12 years for the
21 provision of joint self-insurance which contracts may include
22 an obligation to pay a proportional share of a general
23 obligation or revenue bond or other debt instrument issued by
24 a local public entity which is a party to the
25 intergovernmental contract and is authorized by the terms of
26 the contract to issue the bond or other debt instrument.
27 Funds due under such contracts shall not be considered debt
28 under any constitutional or statutory limitation and the
29 local public entity may levy or have levied on its behalf
30 taxes to pay for its proportional share under the contract.
31 Funds raised pursuant to intergovernmental contracts for the
32 provision of joint self-insurance may only be used for the
33 payment of any cost, liability or loss against which a local
34 public entity may protect itself or self-insure pursuant to

1 Section 9-103 or for the payment of which such entity may
2 levy a tax pursuant to this Section, including tort judgments
3 or settlements, costs associated with the issuance,
4 retirement or refinancing of the bonds or other debt
5 instruments, the repayment of the principal or interest of
6 the bonds or other debt instruments, the costs of the
7 administration of the joint self-insurance fund, consultant,
8 and risk care management programs or the costs of insurance.
9 Any surplus returned to the local public entity under the
10 terms of the intergovernmental contract shall be used only
11 for purposes set forth in subsection (a) of Section 9-103 and
12 Section 9-107 or for abatement of property taxes levied by
13 the local taxing entity.

14 Any tax levied under this Section shall be levied and
15 collected in like manner with the general taxes of the entity
16 and shall be exclusive of and in addition to the amount of
17 tax that entity is now or may hereafter be authorized to levy
18 for general purposes under any statute which may limit the
19 amount of tax which that entity may levy for general
20 purposes. The county clerk of the county in which any part of
21 the territory of the local taxing entity is located, in
22 reducing tax levies under the provisions of any Act
23 concerning the levy and extension of taxes, shall not
24 consider any tax provided for by this Section as a part of
25 the general tax levy for the purposes of the entity nor
26 include such tax within any limitation of the percent of the
27 assessed valuation upon which taxes are required to be
28 extended for such entity.

29 With respect to taxes levied under this Section, either
30 before, on, or after the effective date of this amendatory
31 Act of 1994:

32 (1) Those taxes are excepted from and shall not be
33 included within the rate limitation imposed by law on
34 taxes levied for general corporate purposes by the local

1 public entity authorized to levy a tax under this
2 Section.

3 (2) Those taxes that a local public entity has
4 levied in reliance on this Section and that are excepted
5 under paragraph (1) from the rate limitation imposed by
6 law on taxes levied for general corporate purposes by the
7 local public entity are not invalid because of any
8 provision of the law authorizing the local public
9 entity's tax levy for general corporate purposes that may
10 be construed or may have been construed to restrict or
11 limit those taxes levied, and those taxes are hereby
12 validated. This validation of taxes levied applies to all
13 cases pending on or after the effective date of this
14 amendatory Act of 1994.

15 (3) Paragraphs (1) and (2) do not apply to a
16 hospital organized under Article 170 or 175 of the
17 Township Code, under the Town Hospital Act, or under the
18 Township Non-Sectarian Hospital Act and do not give any
19 authority to levy taxes on behalf of such a hospital in
20 excess of the rate limitation imposed by law on taxes
21 levied for general corporate purposes. A hospital
22 organized under Article 170 or 175 of the Township Code,
23 under the Town Hospital Act, or under the Township
24 Non-Sectarian Hospital Act is not prohibited from levying
25 taxes in support of tort liability bonds if the taxes do
26 not cause the hospital's aggregate tax rate from
27 exceeding the rate limitation imposed by law on taxes
28 levied for general corporate purposes.

29 Revenues derived from such tax shall be paid to the
30 treasurer of the local taxing entity as collected and used
31 for the purposes of this Section and of Section 9-102,
32 9-103, 9-104 or 9-105, as the case may be. If payments on
33 account of such taxes are insufficient during any year to
34 meet such purposes, the entity may issue tax anticipation

1 warrants against the current tax levy in the manner provided
2 by statute.

3 (Source: P.A. 91-628, eff. 1-1-00.)

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