

AN ACT concerning local government.

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

Section 5. The Water Commission Act of 1985 is amended by changing Section 2 as follows:

(70 ILCS 3720/2) (from Ch. 111 2/3, par. 252)

Sec. 2. The General Assembly hereby finds and declares that it is necessary and in the public interest to help assure a sufficient and economic supply of a source of water within those county wide areas of this State where, because of a growth in population and proximity to large urban centers, the health, safety and welfare of the residents is threatened by an ever increasing shortage of a continuing, available and adequate source and supply of water on an economically reasonable basis; however, it is not the intent of the General Assembly to interfere with the power of municipalities to provide for the retail distribution of water to their residents or the customers of their water systems. Therefore, in order to provide for a sufficient and economic supply of water to such areas, it is hereby declared to be the law of this State that:

(a) With respect to any water commission constituted pursuant to Division 135 of the Illinois Municipal Code or established by operation of law under Public Act 83-1123, as

amended, which water commission includes municipalities which in the aggregate have within their corporate limits more than 50% of the population of a county (hereinafter referred to as a "home county"), and such county is contiguous to a county which has a population in excess of 1,000,000 inhabitants, the provisions of this Act shall apply. With respect to any such water commission (hereinafter referred to as a "county water commission"):

(i) the terms of all commissioners of such commission holding office at the time a water commission becomes a county water commission shall terminate 30 days after such time and new commissioners shall be appointed as the governing board of the county water commission as hereinafter provided in subsection (c); and

(ii) the county water commission shall continue to be a body corporate and politic, and shall bear the name of the home county but shall be independent from and not a part of the county government and shall itself be a political subdivision and a unit of local government, and upon appointment of the new commissioners as the governing board of such water commission as provided in subsection (c), such water commission shall remain responsible for the full payment of, and shall by operation of law be deemed to have assumed and shall pay when due all debts and obligations of the commission as the same is constituted and as such debts and obligations existed on the date such water commission

becomes a county water commission and such additional debts and obligations as are incurred by such commission after such date and prior to the appointment of the new commissioners as the governing board of such commission, and further shall continue to have and exercise all powers and functions and duties of a water commission created pursuant to Division 135 of the Illinois Municipal Code, as now or hereafter amended, and the county water commission may rely on that Division, as modified and supplemented by the provisions of this Act, as lawful authority under which it may act.

(b) Any county water commission shall have as its territory within its corporate limits, subject to taxation for its purposes, and subject to the powers and limitations as conferred by this Act, (i) all of the territory of the home county except that territory located within the corporate limits of excluded units as hereinafter defined and (ii) also all of the territory located outside the home county and included within the corporate limits of an included unit as hereinafter defined. As used in this Act, "excluded unit" means a unit of local government having a waterworks system and having within its corporate limits territory within the home county and which either, at the time any commission becomes a county water commission, receives, or has contracted at such time for the receipt of, more than 25% of the water distributed by such unit's water system from a source outside of the home

county, or a unit of local government that seeks a change in status as provided in this Section. As used in this Section, "included unit" means any unit of local government having a waterworks system and having within its corporate limits territory within the home county, which unit of local government is not an excluded unit. No other water commission shall be constituted under Division 135 of the Illinois Municipal Code in any home county after the effective date of this Act to provide water from any source located outside the home county. A unit of local government may switch its status from being an included unit to an excluded unit provided that (i) it has constructed a water treatment plant prior to December 31, 2006 to comply with United States Environmental Protection Agency regulations regarding radium; (ii) it notifies the commission in writing of its desire to become an excluded unit; and (iii) it no longer demands future service from the commission and shall not be reinstated as an included unit. In the event a unit of local government switches status, the water commission shall, from any legally available sources, transfer the sums collected from that unit of local government for the period of time beginning January 1, 2006 to the date that this tax is no longer assessed within the affected excluded unit. The transfer of funds authorized herein shall be made within 90 days of the effective date of this amendatory Act of the 95th General Assembly. Except as authorized by a county water commission, no home county or included unit shall

enter into any new or renew or extend any existing contract, agreement or other arrangement for the acquisition or sale of water from any source located outside a home county; provided, however, that any included unit may contract for a supply of water in case of a temporary emergency from any other unit of local government or any entity. In the event that any included unit elects to serve retail customers outside its corporate boundaries and to establish rates and charges for such water in excess of those charged within its corporate boundaries, such rates and charges shall have a reasonable relationship to the actual cost of providing and delivering the water; this provision is declarative of existing law. It is declared to be the law of this State pursuant to paragraphs (g) and (h) of Section 6 of Article VII of the Illinois Constitution that in any home county, the provisions of this Act and Division 135 of the Illinois Municipal Code, as modified and supplemented by this Act and this amendatory Act of the 93rd General Assembly, constitute a limitation upon the power of any such county and upon all units of local government (except excluded units) within such county, including home rule units, limiting to such county, units of local government and home rule units the power to acquire, supply or distribute water or to establish any water commission for such purposes involving water from any source located outside the home county in a manner other than as provided or permitted by this Act and Division 135, as modified and supplemented by this Act, and further constitute

an exercise of exclusive State power with respect to the acquisition, supply and distribution of water from any source located outside the home county by any such county and by units of local government (except excluded units), including home rule units, within such county and with respect to the establishment for such purposes of any water commission therein, which power may not be exercised concurrently by any unit of local government or home rule unit. Upon the request of any included unit, a county water commission shall provide such included unit Lake Michigan water in an amount up to the then current Department of Transportation allocation of Lake Michigan water for such included unit.

With respect to a water commission to which the provisions of subsection (a) apply, all uninhabited territory that is owned and solely occupied by such a commission and is located not within its home county but within a non-home rule municipality adjacent to its home county shall, notwithstanding any other provision of law, be disconnected from that municipality by operation of this Act on the effective date of this amendatory Act of 1991, and shall thereafter no longer be within the territory of the municipality for any purpose; except that for the purposes of any statute that requires contiguity of territory, the territory of the water commission shall be disregarded and the municipality shall not be deemed to be noncontiguous by virtue of the disconnection of the water commission territory.

(c) The governing body of any water commission to which the provisions of subsection (a) apply shall be a board of commissioners, each to be appointed within 30 days after the water commission becomes a county water commission to a term commencing on such date, as follows:

(i) one commissioner, who shall serve as chairman, who shall be a resident of the home county, to be appointed by the chairman of the county board of such county with the advice and consent of the county board, provided that following the expiration of the term or vacancy of the current chairman serving on the effective date of this amendatory Act of the 93rd General Assembly, any subsequent appointment as chairman shall also be subject to the advice and consent of the county water commission;

(ii) one commissioner from each county board district within the home county, to be appointed by the chairman of the county board of the home county with the advice and consent of the county board; and

(iii) one commissioner from each county board district within the home county, to be appointed by the majority vote of the mayors of those included units which are municipalities and which have the greatest percentage of their respective populations residing within such county board district of the home county.

The mayors of the respective county board districts shall meet for the purpose of making said respective appointments at

a time and place designated by that mayor in each county board district of the included unit with the largest population voting for a commissioner upon not less than 10 days' written notice to each other mayor entitled to vote.

The commissioners so appointed shall serve for a term of 6 years, or until their successors have been appointed and have qualified in the same manner as the original appointments, except that at the first meeting of such commissioners, (A) the commissioners first appointed pursuant to paragraph (ii) of this subsection shall determine publicly by lot 1/3 of their number to serve for terms of 2 years, 1/3 of their number to serve for terms of 4 years and 1/3 of their number to serve for terms of 6 years, any odd number of commissioners so determined by dividing into thirds to serve 6 year terms, and (B) the commissioners first appointed pursuant to paragraph (iii) of this subsection shall determine publicly by lot 1/3 of their number to serve for terms of 2 years, 1/3 of their number to serve for terms of 4 years and 1/3 of their number to serve for terms of 6 years, any odd number of commissioners so determined by dividing into thirds to serve 6 year terms. The commissioner first appointed pursuant to paragraph (i) of this subsection, who shall serve as chairman, shall serve for a term of 6 years. Any commissioner may be a member of the governing board or an officer or employee of such county or any unit of local government within such county. A commissioner is eligible for reappointment upon the expiration of his term. A vacancy in the



office of a commissioner shall be filled for the balance of the unexpired term by appointment and qualification as to residency in the same manner as the original appointment was made. Each commissioner shall receive the same compensation which shall not be more than \$600 per year, except that no such commissioner who is a member of the governing board or an officer or employee of such county or any unit of local government within such county may receive any compensation for serving as a commissioner. Each commissioner may be removed by the appointing authority for any cause for which any other county or municipal officer may be removed. The county water commission shall determine its own rules of proceeding. A quorum shall be a majority of the commissioners then in office. All ordinances or resolutions shall be passed by not less than a majority of a quorum. No commissioner or employee of the commission, no member of the county board or other official elected within such county, no mayor or president or other member of the corporate authorities of any unit of local government within such county, and no employee of such county or any such unit of local government, shall be interested directly or indirectly in any contract or job of work or materials, or the profits thereof, or services to be performed for or by the commission. A violation of any of the foregoing provisions of this subsection is a Class C misdemeanor. A conviction is cause for the removal of a person from his office or employment.

(d) Except as provided in subsection (g), subject to the referendum provided for in subsection (e), a county water commission may borrow money for corporate purposes on the credit of the commission, and issue general obligation bonds therefor, in such amounts and form and on such conditions as it shall prescribe, but shall not become indebted in any manner or for any purpose in an amount including existing indebtedness in the aggregate to exceed 5.75% of the aggregate value of the taxable property within the territorial boundaries of the county water commission, as equalized and assessed by the Department of Revenue and as most recently available at the time of the issue of said bonds. Before or at the time of incurring any indebtedness, except as provided in subsection (g), the commission shall provide for the collection of a direct annual tax, which shall be unlimited as to rate or amount, sufficient to pay the interest on such debt as it falls due and also to pay and discharge the principal thereof at maturity, which shall be within 40 years after the date of issue thereof. Such tax shall be levied upon and collected from all of the taxable property within the territory of the county water commission. Dissolution of the county water commission for any reason shall not relieve the taxable property within such territory of the county water commission from liability for such tax. The clerk of the commission shall file a certified copy of the resolution or ordinance by which such bonds are authorized to be issued and such tax is levied with

the County Clerk of each county in which any of the territory of the county water commission is located and such filing shall constitute, without the doing of any other act, full and complete authority for each such County Clerk to extend such tax for collection upon all the taxable property within the territory of the county water commission subject to such tax in each and every year required sufficient to pay the principal of and interest on such bonds, as aforesaid, without limit as to rate or amount, and shall be in addition to and in excess of all other taxes authorized to be levied by the commission or any included unit. The general obligation bonds shall be issued pursuant to an ordinance or resolution and may be issued in one or more series, and shall bear such date or dates, mature at such time or times and in any event not more than 40 years from the date thereof, be sold at such price at private or public sale as determined by a county water commission, bear interest at such rate or rates such that the net effective interest rate received upon the sale of such bonds does not exceed the maximum rate determined under Section 2 of the Bond Authorization Act, which rates may be fixed or variable, be in such denominations, be in such form, either coupon or registered, carry such conversion, registration, and exchange privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the State of Illinois, be subject to such terms of redemption, and contain or be subject to such other terms as the ordinance or

resolution may provide, and shall not be restricted by the provisions of any other terms of obligations of public agencies or private persons.

(e) No issue of general obligation bonds by a county water commission (except bonds to refund an existing bonded indebtedness) shall be authorized unless the commission certifies the proposition of issuing such bonds to the proper election officials, who shall submit the proposition to the voters at an election in accordance with the general election law, and the proposition has been approved by a majority of those voting on the proposition.

The proposition shall be in the form provided in Section 5 or shall be substantially in the following form:

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Shall general obligation  
bonds for the purpose of  
(state purpose), in the YES  
sum of \$....(insert amount), -----  
be issued by the ..... NO  
(insert corporate name of  
the county water commission)?

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(f) In order to carry out and perform its powers and functions and duties under the provisions of this Act and Division 135 of the Illinois Municipal Code, as modified and supplemented by this Act, the governing body of any county

water commission may by ordinance levy annually upon all taxable property within its territory a tax at a rate not to exceed .005% of the value of such property, as equalized or assessed by the Department of Revenue for the year in which the levy is made. In addition, any county water commission may by ordinance levy upon all taxable property within its territory, for one year only, an additional tax for such purposes at a rate not to exceed .20% of the value of such property, as equalized or assessed by the Department of Revenue for that year; provided, however, that such tax may not be levied more than once in any county water commission.

(g) Any county water commission shall have the power to borrow money, subject to the indebtedness limitation provided in subsection (d), from the home county or included units, in such amounts and in such terms as agreed by the governing bodies of the commission and the home county or included units.

(h) No county water commission constituted pursuant to the Act shall engage in the retail sale or distribution of water to residents or customers of any municipality.

(i) Nothing in the Section requires any municipality to contract with a county water commission for a supply of water.

(j) The State of Illinois recognizes that any such contract for the supply of water executed by a unit of local government and a county water commission may contain terms and conditions intended by the parties thereto to be absolute conditions thereof. The State of Illinois also recognizes that persons may

loan funds to a county water commission (including, without limitation, the purchase of revenue or general obligation bonds of such commission) in reliance upon the terms and conditions of any such contract for the supply of water. Therefore, the State of Illinois pledges and agrees to those parties and persons which make loans of funds to a county water commission that it will not impair or limit the power or ability of a county water commission or a unit of local government fully to carry out the financial obligations and obligation to furnish water pursuant to the terms of any contract for the supply of water entered into by such county water commission or unit of local government for the term of such contracts or loans. All other terms and conditions of such contracts and intergovernmental agreements shall be binding to the extent that they are not inconsistent with this amendatory Act of the 93rd General Assembly.

(Source: P.A. 93-226, eff. 7-22-03.)