



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2584

by Rep. Anthony DeLuca

SYNOPSIS AS INTRODUCED:

30 ILCS 350/13.1 new

Amends the Local Government Debt Reform Act. Provides that all bonds, including general obligation bonds and revenue bonds issued under the Act, shall be secured by a statutory lien on all revenues received or entitled to be received. Provides that the statutory lien shall automatically attach from the time the bonds are issued without further action or authorization by the governing authority of the local public entity. Provides that the lien shall be a first priority lien unless the bonds so otherwise provide. Provides that the provisions apply to all bonds issued by a local public entity, including bonds issued by a local public entity with home rule authority, and that the bonds shall have all of the protection afforded to special revenue bonds under the federal Bankruptcy Code. Effective immediately.

LRB100 10569 MLM 20786 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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

4 Section 5. The Local Government Debt Reform Act is amended
5 by adding Section 13.1 as follows:

6 (30 ILCS 350/13.1 new)

7 Sec. 13.1. Statutory lien for bonds.

8 (a) As used in this Section, "statutory lien" shall have
9 the meaning given to that term under 11 U.S.C. 101(53) of the
10 federal Bankruptcy Code.

11 (b) All bonds, including general obligation bonds and
12 revenue bonds heretofore and hereafter issued and sold under
13 this Act, home rule powers, or related laws, issued by a local
14 public entity shall be secured by a statutory lien on all
15 revenues received, or entitled to be received, pursuant to (i)
16 the levy of taxes supporting payment of the bonds and (ii) the
17 assessment of user fees, rates, or other charges supporting
18 payment of the bonds. The statutory lien shall automatically
19 attach from the time the bonds are issued without further
20 action or authorization by the governing authority of the local
21 public entity. The statutory lien shall be valid and binding
22 from the time the bonds are executed and delivered without any
23 physical delivery thereof or further act required, and shall be

1 a first priority lien unless the bonds shall otherwise provide,
2 and the taxes, user fees, rates, or other charges supporting
3 payment of the bonds shall not be used for other purposes until
4 the bonds are paid in full unless the bonds shall otherwise
5 provide.

6 The revenues received, or entitled to be received, from the
7 following shall be immediately subject to the statutory lien,
8 and the statutory lien shall automatically attach to the
9 revenues and be effective, binding, and enforceable against the
10 local public entity or its successors, transferees, and
11 creditors, and all others asserting rights therein or having
12 claims of any kind in tort, contract, or otherwise against the
13 local public entity, irrespective of whether those parties have
14 notice of the lien and without the need for any physical
15 delivery, recordation, filing, or further act: (i) the levy of
16 taxes supporting payment of the bonds and (ii) the assessment
17 of user fees, rates, or other charges supporting payment of the
18 bonds. In addition, bonds issued by a local public entity under
19 this Act or related laws, including bonds issued by a local
20 public entity with home rule powers, shall have all of the
21 protection afforded to special revenue bonds under the federal
22 Bankruptcy Code.

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