100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2177

Introduced 3/28/2017, by Sen. William E. Brady

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.878 new
30 ILCS 105/5.879 new
30 ILCS 105/6z-102 new
35 ILCS 5/901 from Ch. 120, par. 9-901

Creates the Individual Income Tax Bond Act. Authorizes the State to issue, sell, and provide for the retirement of limited obligation bonds in the total principal amount of $6,000,000,000. Provides that the proceeds of those bonds shall be issued for the purposes of providing financial relief to vendors who do business with the State. Amends the State Finance Act to create the Individual Income Tax Bond Proceeds Fund and the Individual Income Tax Bond Retirement and Interest Fund. Amends the Illinois Income Tax Act to provide for the transfer of certain income tax proceeds into the Individual Income Tax Bond Proceeds Fund.

LRB100 12076 HLH 24457 b

FISCAL NOTE ACT MAY APPLY

STATE DEBT IMPACT NOTE ACT MAY APPLY

A BILL FOR

AN ACT concerning revenue.

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

Section 1. Short title. This Act may be cited as the Individual Income Tax Bond Act.

Section 1.5. Definitions. As used in this Act:

"Bonds" means bonds, notes, and other evidences of indebtedness of the State of Illinois issued pursuant to this Act.

"Director" means the Director of the Governor's Office of Management and Budget.

"Minority owned business", "female owned business", and "business owned by a person with a disability" have the meanings given to those terms in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

Section 2. Authorization for Bonds. The State of Illinois is authorized to issue, sell, and provide for the retirement of limited obligation bonds, notes and other evidences of indebtedness of the State of Illinois in the total principal amount of $6,000,000,000, herein called "Bonds". Such amount of authorized Bonds shall be exclusive of any refunding Bonds issued pursuant to Section 12 of this Act and exclusive of any

Bonds issued pursuant to this Section which are redeemed, purchased, advance refunded, or defeased with unexpended Bond proceeds in accordance with the final paragraph of Section 11 of this Act. Bonds shall be issued for the specific purposes expressed in Section 4 of this Act. Bonds issued pursuant to the authorization contained in this Section 2 shall be issued on or before December 31, 2017.

Section 3. Findings. The General Assembly hereby makes the following findings and determinations:

(1) The issuance and sale of Bonds pursuant to this Act is an economical and efficient method of providing financial relief to vendors who do business with the State of Illinois, thereby, among other benefits, reducing the amount of late payment interest to be paid by the State to such vendors.

(2) This Act will permit the issuance of Bonds from time to time with varying terms, features, and conditions in order to enhance marketability and lower interest costs incurred by the State. Subsection (a) of Section 6 of this Act authorizes the sale and issuance, from time to time, of Bonds in one or more series, in such principal amounts, bearing interest at such fixed rates or variable rates, and having such other terms and provisions as designated State officers may fix and determine pursuant to the authority delegated under this Act. Subsection (b) of Section 6 of

this Act authorizes, in connection with the issuance of and as security for any series of Bonds, the purchase of bond or interest rate insurance, the establishment of credit and liquidity enhancement arrangements with financial institutions, and participation in interest rate swaps or guarantee agreements or other arrangements to limit interest rate risk.

(3) The State's ability to issue Bonds from time to time, without further action by the General Assembly, in separate series, in various principal amounts and with various interest rates, maturities, redemption provisions and other terms will enhance the State's opportunities to obtain such financing as needed, upon favorable terms.

Section 4. Purposes of Bonds. As specified in the related Bond Sale Order (hereinafter defined), and all as more particularly described in Section 11 of this Act, Bonds authorized pursuant to Section 2 of this Act shall be issued for the purposes of (i) providing financial relief to vendors who do business with the State of Illinois by making funds available to be used for the purpose of paying outstanding invoices due and payable by the State for goods and services from time to time, (ii) funding and maintaining debt service and reserve funds (hereinafter defined) or (iii) paying reasonable expenses of each issuance and sale of the Bonds.

Section 5. Bond Sale Expenses.

(a) Proceeds of each Bond sale in an amount not to exceed 0.5% of the principal amount of the Bonds sold in such Bond sale are authorized to be used to pay reasonable costs of each issuance and sale of Bonds authorized and sold pursuant to this Act, including, without limitation, underwriter's discounts and fees, but excluding bond insurance, advertising, printing, bond rating, security, delivery, legal and financial advisory services, initial fees of trustees, registrars, paying agents and other fiduciaries, initial costs of credit or liquidity enhancement arrangements, initial fees of indexing and remarketing agents, and initial costs of interest rate swaps, guarantees or arrangements to limit interest rate risk, as determined in the related Bond Sale Order; provided, that proceeds of the initial sale and issuance of Bonds authorized and sold pursuant to this Act are authorized to be used to pay travel and other costs incurred by outside vendors in connection with the structuring and marketing of such initial sale and issuance of Bonds authorized under this act and such costs shall not be included in the 0.5% limitation set forth above. The Governor's Office of Management and Budget shall compile a summary of all costs of issuance on each Bond sale (including both costs paid out of proceeds and those paid out of appropriated funds) and post that summary on its website within 20 business days after the issuance of the Bonds. That posting shall be maintained on the web site for a period of at least 30 days. In addition, the Governor's Office of Management and Budget shall provide a written copy of each summary of costs to the Speaker and Minority Leader of the House of Representatives, the President and Minority Leader of the Senate, and the Commission on Government Forecasting and Accountability within 20 business days after each issuance of the Bonds. This summary shall include, as applicable, the respective percentage of participation and compensation of each underwriter that is a member of the underwriting syndicate, legal counsel, financial advisors, and other professionals for the Bond issue, and an identification of all costs of issuance paid to minority owned businesses, female owned businesses, and businesses owned by persons with disabilities. The Governor's Office of Management and Budget shall provide copies of all contracts under which any costs of issuance are paid or to be paid to the Commission on Government Forecasting and Accountability within 20 business days after the issuance of Bonds for which those costs are paid or to be paid. Instead of filing a second or subsequent copy of the same contract, the Governor's Office of Management and Budget may file a statement that specified costs are paid under specified contracts filed earlier with the Commission.

(b) The Director shall not, in connection with the issuance of Bonds, contract with any underwriter, financial advisor, or attorney unless that underwriter, financial advisor, or attorney certifies that the underwriter, financial advisor, or attorney has not and will not pay a contingent fee, whether directly or indirectly, to any third party for having promoted the selection of the underwriter, financial advisor, or attorney for that contract. In the event that the Governor's Office of Management and Budget determines that an underwriter, financial advisor, or attorney has filed a false certification with respect to the payment of contingent fees, the Governor's Office of Management and Budget shall not contract with that underwriter, financial advisor, or attorney, or with any firm employing any person who signed such false certification, for a period of 2 calendar years, beginning with the date the determination is made. The validity of Bonds issued under such circumstances of violation pursuant to this Section shall not be affected.

Section 6. Conditions for Issuance and Sale of Bonds; Requirements for Bonds; Master and Supplemental Indentures; Credit and Liquidity Enhancement.

(a) Bonds shall be issued and sold from time to time, in one or more series, in such amounts and at such prices as directed by the Governor, upon recommendation by the Director. Bonds shall be payable only from the specific sources and secured in the manner provided in this Act. Bonds shall be in such form, in such denominations, mature on such dates within 6 years from their date of issuance, be subject to optional or mandatory redemption, bear interest payable at such times and at such rate or rates, fixed or variable, and be dated as shall be fixed and determined by the Director in an order authorizing the issuance and sale of any series of bonds, which order shall be approved by the Governor and is referred to in this Act as a "Bond Sale Order"; provided, however, that interest payable at fixed rates shall not exceed that permitted in the Bond Authorization Act, as now or hereafter amended, and interest payable at variable rates shall not exceed the maximum rate permitted in the Bond Sale Order, notwithstanding the provisions of said Bond Authorization Act. Bonds issued under this Act shall be payable at such place or places, within or without the State of Illinois, and may be made registrable as to either principal only or as to both principal and interest, as shall be specified in the Bond Sale Order. Bonds may be made subject to redemption or subject to purchase and retirement or remarketing as fixed and determined in the Bond Sale Order.

All Bonds authorized under this Act shall be issued pursuant to a master trust indenture (the "Master Indenture") executed and delivered on behalf of the State by the Director. The Master Indenture shall be in substantially the form approved in the Bond Sale Order authorizing the issuance and sale of the initial series of Bonds issued under this Act. Such initial series of Bonds may, and each subsequent series of Bonds shall, also be issued pursuant to a supplemental trust indenture (each, a "Supplemental Indenture" and, together with the Master Indenture, each an "Indenture") executed and delivered on behalf of the State by the Director, each such Supplemental Indenture to be in substantially the form approved in the Bond Sale Order relating to such series. The Master Indenture and any Supplemental Indenture shall be entered into with a bank or trust company in the State of Illinois having trust powers and possessing capital and surplus of not less than $100,000,000. Such Indentures shall set forth the terms and conditions of the Bonds and provide for payment of and security for the Bonds, including the establishment and maintenance of debt service and reserve funds, and for other protections for holders of the Bonds, including without limitation, provisions relating to debt service coverage and the issuance of parity obligations. The term "reserve funds" as used in this Act shall include funds and accounts established under Indentures to provide for the payment of principal of and premium and interest on Bonds, to provide for the purchase, retirement or defeasance of Bonds, to provide for fees of trustees, registrars, paying agents, and other fiduciaries and to provide for payment of costs of and debt service payable in respect of credit or liquidity enhancement arrangements, interest rate swaps or guarantees, or financial futures contracts and indexing and remarketing agents' services.

In the case of any series of Bonds bearing interest at a variable interest rate ("Variable Rate Bonds"), in lieu of determining the rate or rates at which such series of Variable Rate Bonds shall bear interest and the price or prices at which such Variable Rate Bonds shall be initially sold or remarketed (in the event of purchase and subsequent resale), the Bond Sale Order may provide that such interest rates and prices may vary from time to time depending on criteria established in such Bond Sale Order, which criteria may include, without limitation, references to indices or variations in interest rates as may, in the judgment of a remarketing agent, be necessary to permit Variable Rate Bonds of such series to be remarketed from time to time at a price equal to their principal amount (or compound accreted value in the case of original issue discount Variable Rate Bonds), and may provide for appointment of indexing agents and a bank, trust company, investment bank, or other financial institution to serve as remarketing agent in connection therewith. The Bond Sale Order may provide that alternative interest rates or provisions for establishing alternative interest rates, different security or claim priorities or different redemption or amortization provisions will apply during such times as Bonds of any series are held by a person providing credit or liquidity enhancement arrangements for such Bonds as authorized in subsection (b) of this Section 6.

(b) In connection with the issuance of any series of Bonds, the State may enter into arrangements to provide additional security and liquidity for such Bonds, including, without limitation, bond or interest rate insurance or letters of credit, lines of credit, bond purchase contracts, or other arrangements whereby funds are made available to retire or purchase Bonds, thereby assuring the ability of owners of the Bonds to sell, redeem, or receive payment at maturity for their Bonds. The State may enter into contracts and may agree to pay fees to persons providing such arrangements, but only under circumstances where the Director certifies that he or she reasonably expects the total interest paid or to be paid on the Bonds, together with the fees for the arrangements (being treated as if interest), would not, taken together, cause the Bonds to bear interest, calculated to their stated maturity, at a rate in excess of the rate which the Bonds would bear in the absence of such arrangements. Any bonds, notes, or other evidences of indebtedness issued pursuant to any such arrangements for the purpose of retiring and discharging outstanding Bonds shall constitute refunding Bonds under Section 12 of this Act. The State may participate in and enter into arrangements with respect to interest rate swaps or guarantees or financial futures contracts for the purpose of limiting or restricting interest rate risk; provided that such arrangements shall be made with or executed through banks having capital and surplus of not less than $100,000,000 or insurance companies holding the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable rating service or government bond dealers reporting to, trading with, and recognized as primary dealers by a Federal Reserve Bank and having capital and surplus of not less than $100,000,000, or other persons whose debt securities are rated in the highest long-term categories by both Moody's Investors' Services, Inc. and Standard & Poor's Corporation. Agreements incorporating any of the foregoing arrangements may be executed and delivered by the Director on behalf of the State in substantially the form approved in the Bond Sale Order relating to such Bonds.

Section 7. Execution of Bonds. Bonds shall be signed by the Governor and attested by the Secretary of State under the printed facsimile seal of the State and countersigned by the State Treasurer by his manual signature or by his duly authorized deputy. If Bonds are issued in registered form pursuant to the Registered Bond Act, the signatures of the Governor, the Secretary of State, and the State Treasurer may be printed facsimile signatures. The Master Indenture or any Supplemental Indenture may also require that each Bond be authenticated by the manual signature of the trustee thereunder or of a registrar or paying agent. Unless Bonds are issued in fully registered form, interest coupons with facsimile signatures of the Governor, Secretary of State, and State Treasurer may be attached to the Bonds. The fact that an officer whose signature or facsimile thereof appears on a Bond, interest coupon, indenture, or agreement authorized under this Act no longer holds such office at the time the Bond, coupon, indenture, or agreement is delivered shall not invalidate such Bond, coupon, indenture or agreement.

Section 8. Sale of Bonds. Bonds, except as otherwise provided in this Section, shall be sold from time to time by negotiated sale or pursuant to notice of sale and public bid in such amounts and at such times as are directed by the Governor, upon recommendation by the Director.

If any Bonds are to be sold pursuant to negotiated sale, the Governor and the Director are hereby each authorized and directed to execute and deliver contracts providing for the sale of Bonds to underwriters or other negotiated purchasers.

If any Bonds are to be sold pursuant to notice of sale and public bid, the Director shall cause the sale of the Bonds to be advertised by publication in the volume of the Illinois Procurement Bulletin that is published by the Department of Central Management Services, at least one time not less than 10 days prior to the date fixed for the opening of the bids. The Director may also cause the advertisement of the sale of the Bonds in such other manner the Director may determine to provide additional reasonable notice of the sale of the Bonds. The Director may reschedule the date of public sale upon the giving of such additional notice as the Director deems adequate to inform prospective bidders of the change; provided, however, that all other conditions of the sale shall continue as originally advertised.

Executed Bonds shall, upon payment therefor, be delivered to the purchaser, and the proceeds of Bonds shall be paid into the State Treasury as directed by Section 11 of this Act. The Governor and the Director are each hereby authorized and directed to execute and deliver such certificates, indentures, agreements, and documents, including any supplements or amendments thereto, and to take such actions and do such things as shall be necessary or desirable to carry out the purposes of this Act. Any action authorized or permitted to be taken by the Director pursuant to this Act is hereby authorized to be taken by any person specifically designated by the Governor to take such action in a certificate signed by the Governor and filed with the Secretary of State.

Section 9. Compliance with the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. Notwithstanding any other provision of law, the Governor's Office of Management and Budget shall comply with all applicable provisions of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act in connection with the sale and issuance of any Bonds under this Act. Any failure to comply with such provisions shall not affect the validity of Bonds otherwise validly issued under this Act.

Section 10. Truth in borrowing disclosures.

(a) Within 20 business days after the issuance of any Bonds under this Act, the Director shall publish a truth in borrowing disclosure that discloses the total principal and interest payments to be paid on the Bonds over the full stated term of the Bonds. The disclosure shall also include principal and interest payments to be made by each fiscal year over the full stated term of the Bonds and the total principal and interest payments to be made by each fiscal year on all other outstanding Bonds issued under this Act over the full stated terms of those Bonds.

(b) Within 20 business days after the issuance of any refunding bonds under Section 12 of this Act, the Director shall publish a truth in borrowing disclosure that discloses the estimated present-valued savings to be obtained through the refunding, in total and by each fiscal year that the refunding Bonds may be outstanding.

(c) The disclosures required in subsections (a) and (b) shall be published by posting the disclosures for no less than 30 days on the web site of the Governor's Office of Management and Budget and by providing the disclosures in written form to the Commission on Government Forecasting and Accountability. These disclosures shall be calculated assuming Bonds are not redeemed or refunded prior to their stated maturities. Amounts included in these disclosures as payment of interest on variable rate Bonds shall be computed at an interest rate equal to the rate at which the variable rate Bonds are first set upon issuance, plus 2.5%, after taking into account any credits permitted in the related indenture or other instrument against the amount of such interest for each fiscal year. Amounts included in these disclosures as payments of interest shall include those amounts paid pursuant to arrangements authorized pursuant to subsection (b) of Section 6 of this Act.

Section 11. Allocation of Proceeds from the Sale of Bonds. Proceeds from the sale of Bonds (other than refunding Bonds) shall be deposited in the separate fund in the State Treasury known as the Individual Income Tax Bond Proceeds Fund and shall be transferred by the State Treasurer and the Comptroller of the State to the General Revenue Fund and to the Health Insurance Reserve Fund at such times and in such amounts as the Director shall direct for application to the purposes described in clause (i) of Section 4 of this Act.

Proceeds to be deposited into any debt service or reserve funds (including proceeds from the sale of Bonds to be applied to the payment of interest on such Bonds becoming due within one year from the date of issuance of those Bonds) as may be required under any Indenture shall be paid from the Individual Income Tax Bond Proceeds Fund to the trustee under the Indenture, as specified in the Bond Sale Order at the time of the delivery of the Bonds. Accrued interest paid to the State at the time of the delivery of any series of Bonds shall be deposited into the Individual Income Tax Bond Retirement and Interest Fund in the State Treasury, and shall be paid immediately from that Fund to the trustee under the Indenture specified in the related Bond Sale Order.

Any unexpended proceeds from any sale of Bonds which are held in the Individual Income Tax Bond Proceeds Fund may be used to redeem, purchase, advance refund, or defease any Bonds outstanding.

Section 12. Refunding Bonds. Refunding Bonds are hereby authorized for the purpose of refunding any outstanding Bonds, including the payment of any redemption premium thereon, any reasonable expenses of such refunding, and any interest accrued or to accrue to the earliest or any subsequent date of redemption or maturity of outstanding Bonds; provided that (i) such refunding Bonds must mature within the term of the Bonds being refunded and (ii) no refunding Bonds shall be offered for sale unless the net present value of debt service savings to be achieved by the issuance of the refunding Bonds is 3% or more of the principal amount of the refunding Bonds to be issued.

Refunding Bonds may be sold in such amounts and at such times, as directed by the Governor upon recommendation by the Director. The Governor shall notify the State Treasurer and the State Comptroller of such refunding. The proceeds received from the sale of refunding Bonds shall be used for the retirement at maturity or redemption of such outstanding Bonds on any maturity or redemption date and, pending such use, shall be placed in escrow, subject to such terms and conditions as shall be provided for in the Bond Sale Order relating to the refunding Bonds. This Act shall constitute an irrevocable and continuing appropriation of all amounts necessary to establish an escrow account for the purpose of refunding outstanding Bonds and to pay the reasonable expenses of such refunding and of the issuance and sale of the refunding Bonds. Any such escrowed proceeds may be invested and reinvested in direct obligations of the United States of America, maturing at such time or times as shall be appropriate to assure the prompt payment, when due, of the principal of and interest and redemption premium, if any, on the refunded Bonds. After the terms of the escrow have been fully satisfied, any remaining balance of such proceeds and interest, income and profits earned or realized on the investments thereof shall be paid into the General Revenue Fund. The liability of the State upon the refunded Bonds shall continue, provided that the holders thereof shall thereafter be entitled to payment only out of the moneys deposited in the escrow account and the refunded Bonds shall be deemed paid, discharged, and no longer to be outstanding.

Except as otherwise herein provided in this Section, such refunding Bonds shall in all other respects be issued pursuant to and subject to the terms and conditions of this Act and shall be secured by and payable from only the funds and sources which are provided under this Act.

Section 13. Appropriation of Proceeds from Sale of Bonds.

All proceeds derived from the sale of Bonds issued pursuant to this Act, including (i) those proceeds to be deposited to the Individual Income Tax Bond Proceeds Fund for transfer to the General Revenue Fund and the Health Insurance Reserve Fund as described in Section 4 and Section 11 of this Act, (ii) accrued interest paid to the State at the time of the delivery of any series of Bonds, and (iii) any other proceeds from the sale of Bonds issued pursuant to this Act to pay costs of issuance and sale of such Bonds or to make deposits into debt service or reserve funds (including proceeds from the sale of Bonds to be applied to the payment of interest on such Bonds becoming due within one year from the date of issuance of such Bonds) as may be required under any Indenture are hereby appropriated and authorized to be expended as provided in this Act and in any Indentures delivered pursuant to this Act. This Act shall constitute an irrevocable and continuing appropriation of all amounts necessary for all such purposes set forth in this Act and the irrevocable and continuing authority for and direction to the State Treasurer and the Comptroller to make the necessary transfers and deposits, as directed in each Bond Sale Order.

Section 14. Repayment.

(a) To provide for the repayment of Bonds and required deposits into reserve funds required to be maintained as security for the Bonds, the Governor shall include an appropriation in each annual State Budget of moneys in such amount as shall be necessary and sufficient, for the period covered by such State Budget, to pay the interest, as it shall accrue, on all Bonds issued under this Act, to pay and discharge the principal of such Bonds, including any sinking fund redemptions, as shall fall due during such period, to pay the premium, if any, on Bonds to be redeemed prior to maturity and to make required deposits to any reserve funds required to be maintained as security for Bonds or for the purpose of retiring or defeasing Bonds, including any replenishments in the event of deficiencies in any reserve funds; provided, however, that amounts included in such appropriations for payment of interest on Variable Rate Bonds shall be the maximum amounts of interest which may be payable for the period covered by such State Budget after taking into account any credits permitted in the related Indenture against the amount of such interest required to be appropriated for such period; and further provided that such appropriated amount shall not be less than the Certified Annual Debt Service Requirement (as hereafter defined) for any such fiscal year.

(b) A separate fund in the State Treasury called the Individual Income Tax Bond Retirement and Interest Fund is hereby created.

(c) The General Assembly shall annually make appropriations to pay the principal of and interest and premium, if any, on the Bonds sold under this Act and to make required deposits into reserve funds required to be maintained as security for the Bonds from the Individual Income Tax Bond Retirement and Interest Fund in such amounts as shall be necessary and sufficient to pay the principal of and interest and premium, if any, on the Bonds coming due in each such fiscal year, including any sinking fund redemptions, and to make required deposits to reserve funds for the purpose of securing Bonds or retiring or defeasing Bonds, including replenishment of any deficiencies therein; provided, however, that amounts included in such appropriations for payment of interest on Variable Rate Bonds shall be the maximum amounts of interest which may be payable during such fiscal year after taking into account any credits permitted in the related indenture against the amount of such interest required to be appropriated for such period; and, further provided, that such appropriated amount shall not be less than the Certified Annual Debt Service Requirement for any such fiscal year. If for any reason the State Treasurer and Comptroller fail to (i) credit amounts to the Individual Income Tax Bond Fund in the State Treasury created under Section 6z-102 of the State Finance Act, as required by Section 6z-102 of said State Finance Act, or (ii) make transfers to the Individual Income Tax Bond Retirement and Interest Fund from the Individual Income Tax Bond Fund as required by paragraph (d) of Section 6z-102 of said State Finance Act or (iii) make payments from the Individual Income Tax Bond Retirement and Interest Fund to the trustee under the Master Indenture as required by Section 16 of this Act, or if for any reason the General Assembly fails to make appropriations from the Individual Income Tax Bond Retirement and Interest Fund sufficient to pay the principal of and interest and premium, if any, on the Bonds, as the same by their terms shall become due, and to make required deposits into reserve funds required to be maintained as security for the Bonds or to retire or defease Bonds, including replenishment of any deficiencies, this Act shall constitute an irrevocable and continuing appropriation of all amounts necessary for all of the above purposes, and the irrevocable and continuing authority for and direction to the State Treasurer and the State Comptroller to make the necessary transfers and deposits, as directed by the Governor, from the sources specified in Section 6z-102 of the State Finance Act to the Individual Income Tax Bond Fund and from the Individual Income Tax Bond Fund to the Individual Income Tax Bond Retirement and Interest Fund and to make the necessary payments from the Individual Income Tax Bond Retirement and Interest Fund to the trustee under the Master Indenture.

Section 15. Bonds as Limited Obligations of the State. All Bonds issued in accordance with this Act shall be direct, limited obligations of the State of Illinois payable solely from and secured by an irrevocable, first priority pledge of and lien on moneys on deposit in (i) the Individual Income Tax

Bond Retirement and Interest Fund and (ii) any fund or account maintained pursuant to any Indenture securing any Bonds to the extent so provided in such Indenture; provided, however, that Bonds of any series may be secured on a parity basis with, or on a senior or junior basis with respect to, any other series of Bonds as provided in the Bond Sale Order and Indenture relating to such series. The State of Illinois hereby pledges the tax revenues and other moneys from whatever source which by law are required to be deposited into the Individual Income Tax Bond Fund for the purposes of making transfers to and payments from the Individual Income Tax Bond Retirement and Interest Fund as required by Section 6z-102 of the Finance Act, such pledge constituting a first and prior claim against and charge on such tax revenues and other moneys. The Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State and, except as specifically provided in this Act and Section 6z-102 of the State Finance Act, the holders of Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of Bonds. Each Bond shall describe the limited nature of the State's obligation on the face thereof. The Bonds shall be securities appropriate and acceptable for collateral as described in Section 6 of the Public Funds Investment Act, as amended, or in any similar Act providing for the collateralization of public funds.

The Bonds are hereby made securities in which all public officers and bodies of the State and all political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, saving banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all credit unions, pension funds, administrators, and guardians who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The Bonds are also hereby made securities which may be deposited with and may be received by all public officers and bodies of the State and all political subdivisions of the State and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

Section 16. Computation of Principal and Interest; Transfer from Individual Income Tax Bond Fund; Payment from Individual Income Tax Bond Retirement and Interest Fund. Upon each delivery of Bonds authorized to be issued under this Act, the trustee under the Master Indenture shall compute and certify to the Director, the Comptroller, and the State Treasurer (i) the total amount of the principal of and the interest and the premium, if any, on the Bonds then being issued and on Bonds previously issued and outstanding that will be payable in order to retire such Bonds at their stated maturities or mandatory sinking fund payment dates and (ii) the amount of principal of and interest and premium, if any, on such Bonds that will be payable on each principal, interest, and mandatory sinking fund payment date according to the tenor of such Bonds during the then current and each succeeding fiscal year. Such certifications shall include with respect to interest payable on Variable Rate Bonds the maximum amount of interest which may be payable for the relevant period after taking into account any credits permitted in the related indenture against the amount of such interest required to be appropriated for such period pursuant to subsection (c) of Section 14 of this Act.

On the date of the initial issuance of Bonds pursuant to this Act and on or before June 20 of each year thereafter so long as Bonds remain outstanding, the trustee under the Master Indenture shall deliver to the Director, the Comptroller and the State Treasurer a certificate setting forth the Certified Annual Debt Service Requirement and each Monthly Transfer Amount (each as defined below) for the next succeeding fiscal year. If Bonds are issued subsequent to the delivery of any such certificate, upon the issuance of such Bonds, the trustee under the Master Indenture shall deliver a supplemental certificate setting forth the revisions, if any, in the Certified Annual Debt Service Requirement resulting from the issuance of such Bonds.

The "Certified Annual Debt Service Requirement" for any fiscal year shall be an amount equal to (i) the aggregate amount of principal, interest and premium, if any, payable on outstanding Bonds during such fiscal year plus (ii) the amount required to be deposited into any reserve fund securing such Bonds or for the purpose of retiring or defeasing such Bonds plus (iii) the amount of any deficiencies in required transfers of amounts described in clauses (i) and (ii) for any prior fiscal year, minus (iv) the amount, if any, of such interest to be paid from Bond proceeds on deposit under any Indenture; provided, however, that interest payable on Variable Rate Bonds shall be calculated at the maximum rate of interest which may be payable during such fiscal year after taking into account any credits permitted in the related Indenture against the amount of such interest required to be appropriated for such period pursuant to subsection (c) of Section 14 of this Act.

In each month in which Bonds are outstanding, the State Treasurer and Comptroller shall transfer, in accordance with section 6z-102(d) of the State Finance Act, from the Individual Income Tax Bond Fund to the Individual Income Tax Bond Retirement and Interest Fund, and shall make payment from the Individual Income Tax Bond Retirement and Interest Fund to the trustee under the Master Indenture of, an amount equal to 1/12th (or such greater fractional amount where the numerator is 1 and the denominator is the number of whole months to the first payment date, if such first payment date is less than one year from the date of issuance) of 125% of the Certified Annual Debt Service Requirement, plus any cumulative deficiency in such transfers and payments for prior months (the amount of such monthly transfer being referred to as the "Monthly Transfer Amount"); provided that such transfers and payments for any such fiscal year shall not exceed the Certified Annual Debt Service Requirement.

Section 17. State Covenant. The State of Illinois irrevocably covenants and agrees with the holders of Bonds issued pursuant to this Act that the State will not limit or alter (i) the basis on which the taxes and revenues of the State are required to be collected and deposited in the Individual Income Tax Bond Fund under the State Finance Act and to be credited to and transferred from the Individual Income Tax Bond Fund pursuant to paragraph (d) of Section 6z-102 of the State Finance Act; (ii) the basis on which transfers of amounts credited to the Individual Income Tax Bond Fund are required to be made to the Individual Income Tax Bond Retirement and Interest Fund; (iii) the purposes of the Individual Income Tax Bond Retirement and Interest Fund; or (iv) the provisions of this Section 17, or of Sections 11, 12 and 13 of this Act or the provisions of Section XXX of said State Finance Act, as amended, so as to impair, in any of the foregoing respects, the obligations of contract incurred by the State in favor of the holders of Bonds issued under this Act;

provided that no such limitation or alteration described above shall operate to cause the revenues pledged under this Act to the payment of the Bonds in any fiscal year to be below the level required to satisfy the debt service and Indenture deposit requirements with respect to all outstanding Bonds. The covenant and agreement set forth in this Section may be included in any Bond Sale Order, trust indenture, agreement or Bond authorized under this Act.

Section 18. Compel Payment; Remedies of Bondholders. If the State fails to pay the principal of or interest on any of the Bonds or premium, if any, as the same become due, a civil action to compel payment may be instituted in the Supreme Court of Illinois as a court of original jurisdiction by the holder or holders of the Bonds on which such default of payment exists or by the trustee under an Indenture trustee acting on behalf of such holders. Delivery of a summons and a copy of the complaint to the Attorney General shall constitute sufficient service to give the Supreme Court of Illinois jurisdiction of the subject matter of such a suit and jurisdiction over the State and its officers named as defendants for the purpose of compelling such payment. Any case, controversy, or cause of action concerning the validity of this Act relates to the revenue of the State of Illinois.

If the Supreme Court of Illinois denies the holder or holders of Bonds or a trustee under an Indenture acting on their behalf leave to file an original action in the Supreme Court, the Bond holder or holders or such indenture trustee may bring the action in the Circuit Court of Sangamon County.

Section 19. Investment of Moneys Not needed for Current Expenditures; Application of Earnings.

(a) The State Treasurer may, with the Governor's approval, invest and reinvest any moneys on deposit in the Individual Income Tax Bond Proceeds Fund and the Individual Income Tax Bond Retirement and Interest Fund in the State Treasury which are not needed for current expenditures due or about to become due from such funds. Earnings or interest income from investments in the Individual Income Tax Bond Proceeds Fund shall be deposited by the State Treasurer in the General Revenue Fund. Earnings or interest income from investments in the Individual Income Tax Bond Retirement and Interest Fund shall be deposited in the Individual Income Tax Bond Retirement and Interest Fund. Upon the direction of the Governor or his or her authorized representative, the State Treasurer and Comptroller shall transfer from the Individual Income Tax Bond Retirement and Interest Fund all such earnings or interest income derived from investments in the Individual Income Tax Bond Retirement and Interest Fund to the trustee under the Master Indenture.

(b) Moneys in the Individual Income Tax Bond Proceeds Fund may be invested as permitted in the Deposit of State Moneys Act and in the Public Funds Investment Act. Moneys on deposit in the Individual Income Tax Bond Retirement and Interest Fund may be invested in securities constituting direct obligations of the United States Government, or in obligations the principal of and interest on which are guaranteed by the United States Government, or in certificates of deposit of any state or national bank which are fully secured by obligations of, or guaranteed as to principal and interest by, the United States Government. Moneys on deposit with a trustee and held subject to an Indenture shall be invested in accordance with the above laws and the provisions of such Indenture.

Section 900. The State Finance Act is amended by adding Sections 5.878, 5.879, and 6z-102 as follows:

(30 ILCS 105/5.878 new)

Sec. 5.878. The Individual Income Tax Bond Fund.

(30 ILCS 105/5.879 new)

Sec. 5.879. Individual Income Tax Bond Retirement and Interest Fund.

(30 ILCS 105/6z-102 new)

Sec. 6z-102. Individual Income Tax Bond Fund.

(a) The Individual Income Tax Bond Fund is created in the State Treasury. All tax revenues which by law are required to be deposited in the Individual Income Tax Bond Fund shall be paid into the Individual Income Tax Bond Fund upon their collection, payment or other receipt as provided by law, including the pledge set forth in Section 15 of the Individual Income Tax Bond Act. All tax revenues paid into the Individual Income Tax Bond Fund shall be promptly invested by the State Treasurer in accordance with law, and all interest or other earnings accruing or received thereon shall be credited to and paid into the Individual Income Tax Bond Fund. No tax revenues, interest or earnings paid into the Individual Income Tax Bond Fund shall be transferred or allocated by the Comptroller or State Treasurer to any other fund, nor shall the Governor authorize any such transfer or allocation, nor shall any tax revenues or other moneys, interest or earnings paid into the Individual Income Tax Bond Fund be used, temporarily or otherwise, for interfund borrowing, or be otherwise used or appropriated, except as expressly authorized and provided in paragraphs (c) and (d) of this Section for the sole purposes and subject to the priorities, limitations and conditions prescribed therein.

(b) The tax revenues shall be paid into the Individual Income Tax Bond Fund pursuant to subsection (i) of Section 901 of the Illinois Income Tax Act.

(c) All moneys in the Individual Income Tax Bond Fund shall be transferred, appropriated, and used only for the purposes authorized by and subject to the limitations and conditions prescribed by this Section.

(d) Transfers from the Individual Income Tax Bond Fund. So long as limited obligation bonds of the State issued under the Individual Income Tax Bond Act remain outstanding, during each calendar month, when the amount on deposit in the Individual Income Tax Bond Fund is equal to or exceeds the Monthly Transfer Amount for the then-current month, the Comptroller shall order transferred and the Treasurer shall transfer from the Individual Income Tax Bond Fund to the Individual Income Tax Bond Retirement and Interest Fund in the State Treasury an amount equal to the Monthly Transfer Amount as required to be so transferred in that month under Section 16 of the Individual Income Tax Bond Act.

During each calendar month beginning 3 days after funds sufficient to satisfy the Monthly Transfer Amount for the then-current month have been transferred from the Individual Income Tax Bond Fund to the Individual Income Tax Bond Retirement and Interest Fund as described in the preceding paragraph of this Section and Section 16 of the Individual Income Tax Bond Act and continuing until the last day of the then-current month, all amounts on deposit or deposited in the Individual Income Tax Bond Fund shall be transferred by the State Treasurer and the State Comptroller to the General Revenue Fund.

Section 905. The Illinois Income Tax Act is amended by changing Section 901 as follows:

(35 ILCS 5/901) (from Ch. 120, par. 9-901)

Sec. 901. Collection authority.

(a) In general.

The Department shall collect the taxes imposed by this Act. The Department shall collect certified past due child support amounts under Section 2505-650 of the Department of Revenue Law (20 ILCS 2505/2505-650). Except as provided in subsections (c), (e), (f), (g), ~~and~~ (h), and (i) of this Section, money collected pursuant to subsections (a) and (b) of Section 201 of this Act shall be paid into the General Revenue Fund in the State treasury; money collected pursuant to subsections (c) and (d) of Section 201 of this Act shall be paid into the Personal Property Tax Replacement Fund, a special fund in the State Treasury; and money collected under Section 2505-650 of the Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid into the Child Support Enforcement Trust Fund, a special fund outside the State Treasury, or to the State Disbursement Unit established under Section 10-26 of the Illinois Public Aid Code, as directed by the Department of Healthcare and Family Services.

(b) Local Government Distributive Fund.

Beginning August 1, 1969, and continuing through June 30, 1994, the Treasurer shall transfer each month from the General Revenue Fund to a special fund in the State treasury, to be known as the "Local Government Distributive Fund", an amount equal to 1/12 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act during the preceding month. Beginning July 1, 1994, and continuing through June 30, 1995, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to 1/11 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act during the preceding month. Beginning July 1, 1995 and continuing through January 31, 2011, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the net of (i) 1/10 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act during the preceding month (ii) minus, beginning July 1, 2003 and ending June 30, 2004, $6,666,666, and beginning July 1, 2004, zero. Beginning February 1, 2011, and continuing through January 31, 2015, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of (i) 6% (10% of the ratio of the 3% individual income tax rate prior to 2011 to the 5% individual income tax rate after 2010) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) 6.86% (10% of the ratio of the 4.8% corporate income tax rate prior to 2011 to the 7% corporate income tax rate after 2010) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month. Beginning February 1, 2015 and continuing through January 31, 2025, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of (i) 8% (10% of the ratio of the 3% individual income tax rate prior to 2011 to the 3.75% individual income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) 9.14% (10% of the ratio of the 4.8% corporate income tax rate prior to 2011 to the 5.25% corporate income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month. Beginning February 1, 2025, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of (i) 9.23% (10% of the ratio of the 3% individual income tax rate prior to 2011 to the 3.25% individual income tax rate after 2024) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) 10% of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month. Net revenue realized for a month shall be defined as the revenue from the tax imposed by subsections (a) and (b) of Section 201 of this Act which is deposited in the General Revenue Fund, the Education Assistance Fund, the Income Tax Surcharge Local Government Distributive Fund, the Fund for the Advancement of Education, and the Commitment to Human Services Fund during the month minus the amount paid out of the General Revenue Fund in State warrants during that same month as refunds to taxpayers for overpayment of liability under the tax imposed by subsections (a) and (b) of Section 201 of this Act.

Beginning on August 26, 2014 (the effective date of Public Act 98-1052), the Comptroller shall perform the transfers required by this subsection (b) no later than 60 days after he or she receives the certification from the Treasurer as provided in Section 1 of the State Revenue Sharing Act.

(c) Deposits Into Income Tax Refund Fund.

(1) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(1), (2), and (3), of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. The Department shall deposit 6% of such amounts during the period beginning January 1, 1989 and ending on June 30, 1989. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the

Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal years 1999 through 2001, the Annual Percentage shall be 7.1%. For fiscal year 2003, the Annual Percentage shall be 8%. For fiscal year 2004, the Annual Percentage shall be 11.7%. Upon the effective date of this amendatory Act of the 93rd General Assembly, the Annual Percentage shall be 10% for fiscal year 2005. For fiscal year 2006, the Annual Percentage shall be 9.75%. For fiscal year 2007, the Annual Percentage shall be 9.75%. For fiscal year 2008, the Annual Percentage shall be 7.75%. For fiscal year 2009, the Annual Percentage shall be 9.75%. For fiscal year 2010, the Annual Percentage shall be 9.75%. For fiscal year 2011, the Annual Percentage shall be 8.75%. For fiscal year 2012, the Annual Percentage shall be 8.75%. For fiscal year 2013, the Annual Percentage shall be 9.75%. For fiscal year 2014, the Annual Percentage shall be 9.5%. For fiscal year 2015, the Annual Percentage shall be 10%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, minus the amounts transferred into the Income Tax Refund Fund from the

Tobacco Settlement Recovery Fund, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 7.6%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(2) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. The Department shall deposit 18% of such amounts during the period beginning January 1, 1989 and ending on June 30, 1989. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal years 1999, 2000, and 2001, the Annual Percentage shall be 19%. For fiscal year 2003, the Annual Percentage shall be 27%. For fiscal year 2004, the Annual Percentage shall be 32%. Upon the effective date of this amendatory Act of the 93rd General Assembly, the Annual Percentage shall be 24% for fiscal year 2005. For fiscal year 2006, the Annual Percentage shall be 20%. For

fiscal year 2007, the Annual Percentage shall be 17.5%. For fiscal year 2008, the Annual Percentage shall be 15.5%. For fiscal year 2009, the Annual Percentage shall be 17.5%. For fiscal year 2010, the Annual Percentage shall be 17.5%. For fiscal year 2011, the Annual Percentage shall be 17.5%. For fiscal year 2012, the Annual Percentage shall be 17.5%. For fiscal year 2013, the Annual Percentage shall be 14%. For fiscal year 2014, the Annual Percentage shall be 13.4%. For fiscal year 2015, the Annual Percentage shall be 14%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 23%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(3) The Comptroller shall order transferred and the Treasurer shall transfer from the Tobacco Settlement Recovery Fund to the Income Tax Refund Fund (i) $35,000,000 in January, 2001, (ii) $35,000,000 in January, 2002, and (iii) $35,000,000 in January, 2003.

(d) Expenditures from Income Tax Refund Fund.

(1) Beginning January 1, 1989, money in the Income Tax Refund Fund shall be expended exclusively for the purpose of paying refunds resulting from overpayment of tax liability under Section 201 of this Act, for paying rebates under Section 208.1 in the event that the amounts in the Homeowners' Tax Relief Fund are insufficient for that purpose, and for making transfers pursuant to this subsection (d).

(2) The Director shall order payment of refunds resulting from overpayment of tax liability under Section 201 of this Act from the Income Tax Refund Fund only to the extent that amounts collected pursuant to Section 201 of this Act and transfers pursuant to this subsection (d) and item (3) of subsection (c) have been deposited and retained in the Fund.

(3) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund an amount, certified by the Director to

the Comptroller, equal to the excess of the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year over the amount of refunds resulting from overpayment of tax liability under subsections (c) and (d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year.

(4) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Personal Property Tax Replacement Fund to the Income Tax Refund Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount of refunds resulting from overpayment of tax liability under subsections (c) and (d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year over the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year.

(4.5) As soon as possible after the end of fiscal year 1999 and of each fiscal year thereafter, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the General Revenue Fund any surplus remaining in the Income Tax Refund Fund as of the end of such fiscal year; excluding for fiscal years 2000, 2001, and 2002 amounts attributable to transfers under item (3) of subsection (c) less refunds resulting from the earned income tax credit.

(5) This Act shall constitute an irrevocable and continuing appropriation from the Income Tax Refund Fund for the purpose of paying refunds upon the order of the Director in accordance with the provisions of this Section.

(e) Deposits into the Education Assistance Fund and the Income Tax Surcharge Local Government Distributive Fund.

On July 1, 1991, and thereafter, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 7.3% into the Education Assistance Fund in the State Treasury. Beginning July 1, 1991, and continuing through January 31, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 3.0% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning February 1, 1993 and continuing through June 30, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 4.4% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning July 1, 1993, and continuing through June 30, 1994, of the amounts collected under subsections (a) and (b) of Section 201 of this

Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 1.475% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury.

(f) Deposits into the Fund for the Advancement of Education. Beginning February 1, 2015, the Department shall deposit the following portions of the revenue realized from the tax imposed upon individuals, trusts, and estates by subsections (a) and (b) of Section 201 of this Act during the preceding month, minus deposits into the Income Tax Refund Fund, into the Fund for the Advancement of Education:

(1) beginning February 1, 2015, and prior to February 1, 2025, 1/30; and

(2) beginning February 1, 2025, 1/26.

If the rate of tax imposed by subsection (a) and (b) of Section 201 is reduced pursuant to Section 201.5 of this Act, the Department shall not make the deposits required by this subsection (f) on or after the effective date of the reduction.

(g) Deposits into the Commitment to Human Services Fund. Beginning February 1, 2015, the Department shall deposit the following portions of the revenue realized from the tax imposed upon individuals, trusts, and estates by subsections (a) and (b) of Section 201 of this Act during the preceding month, minus deposits into the Income Tax Refund Fund, into the Commitment to Human Services Fund:

(1) beginning February 1, 2015, and prior to February 1, 2025, 1/30; and

(2) beginning February 1, 2025, 1/26.

If the rate of tax imposed by subsection (a) and (b) of Section 201 is reduced pursuant to Section 201.5 of this Act, the Department shall not make the deposits required by this subsection (g) on or after the effective date of the reduction.

(h) Deposits into the Tax Compliance and Administration Fund. Beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department, an amount equal to 1/12 of 5% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department from the tax imposed by subsections (a), (b), (c), and (d) of Section 201 of this Act, net of deposits into the Income Tax Refund Fund made from those cash receipts.

<u>(i) Deposits into the Individual Income Tax Bond Fund. Beginning on the first day of the calendar month succeeding the date of issuance of the initial series of Bonds under the Individual Income Tax Bond Act, the Department shall deposit 60% of the net of the amounts collected from the imposition of the tax on individuals, trusts, and estates pursuant to subsections (a) and (b) of Section 201 of this Act remaining after deposits or transfers into (i) the Local Government Distributive Fund pursuant to subsection (b) of this Section,</u>

(ii) the Income Tax Refund Fund pursuant to subsection (c) of this Section, and (iii) the Education Assistance Fund and the Income Tax Surcharge Local Government Distributive Fund pursuant to subsection (e) of this Section, (iv) the Fund for the Advancement of Education pursuant to subsection (f) of this Act, (v) the Commitment to Human Services Fund pursuant to subsection (g) of this Section, and (vi) the Tax Compliance and Administration Fund pursuant to subsection (h) of this Section into the Individual Income Tax Bond Fund in the State Treasury.

(Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff. 7-20-15.)