



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0999

Introduced 2/10/2009, by Rep. Roger L. Eddy

SYNOPSIS AS INTRODUCED:

105 ILCS 5/17-17
105 ILCS 5/17-18 new
105 ILCS 5/17-19 new

Amends the School Code. Allows a school district to establish a line of credit with a bank or other financial institution (instead of just a bank). Provides that the line of credit must be in an amount not to exceed 95% of the amount of property taxes most recently levied for educational, operations and maintenance, transportation, or other tax levy purposes or any combination thereof (instead of just for educational and building purposes). Provides that moneys thus borrowed shall be applied to the purposes for which the tax or any combination of the taxes may be levied (instead of the purposes for which they were obtained). Allows a school board to anticipate revenues due in the current fiscal year or expected to be due in the next subsequent fiscal year and issue notes, bonds, or other obligations and, in connection with that issuance, establish a line of credit in a specified amount under certain conditions. Allows other educational entities or a regional superintendent of schools to anticipate revenues due in the current fiscal year or expected to be due in the next subsequent fiscal year and issue notes or other obligations and, in connection with that issuance, establish a line of credit in a specified amount under certain conditions. Effective immediately.

LRB096 09918 NHT 20081 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by changing Section
5 17-17 and by adding Sections 17-18 and 17-19 as follows:

6 (105 ILCS 5/17-17)

7 Sec. 17-17. School board establishment of lines of credit
8 ~~Issuance of notes, bonds, or other obligations in lieu of tax~~
9 ~~anticipation warrants.~~

10 (a) In lieu of issuing tax anticipation warrants in
11 accordance with Section 17-16 of this Code, the school board of
12 a school district having a population of 500,000 or less
13 inhabitants may issue notes, bonds, or other obligations (and
14 in connection with that issuance, establish a line of credit
15 with a bank or other financial institution) in an amount not to
16 exceed 85% of the amount of property taxes most recently levied
17 for educational, operations and maintenance, transportation,
18 or other tax levy and building purposes or any combination
19 thereof. Moneys thus borrowed shall be applied to the purposes
20 for which the tax or any combination of the taxes may be levied
21 ~~they were obtained~~ and no other purpose. All moneys so borrowed
22 shall be repaid exclusively from property tax revenues within
23 60 days after the property tax revenues have been received by

1 the board.

2 (a-5) In lieu of issuing notes or certificates in
3 accordance with the provisions of the Revenue Anticipation Act
4 or Section 18-18 of this Code, the school board of a school
5 district having a population of 500,000 or less inhabitants may
6 anticipate revenues due in the current fiscal year or expected
7 to be due in the next subsequent fiscal year and issue notes,
8 bonds, or other obligations (and in connection with that
9 issuance, establish a line of credit with a bank or other
10 financial institution) in an amount not to exceed the
11 following:

12 (1) if anticipating revenues due in the current fiscal
13 year, 85% of the amount or amounts of the revenues due in
14 the current fiscal year as certified by the State
15 Superintendent of Education or other official in a position
16 to provide assurances as to the amounts; and

17 (2) if anticipating revenues expected to be due in the
18 next subsequent fiscal year, 50% of the amount or amounts
19 of the revenues due in the current fiscal year as certified
20 by the State Superintendent of Education or other official
21 in a position to provide assurances as to the amounts.

22 All moneys so borrowed shall be repaid exclusively from the
23 anticipated revenues within 60 days after the revenues have
24 been received.

25 (b) Borrowing authorized under subsections (a) and (a-5)
26 subsection (a) of this Section shall bear interest at a rate

1 not to exceed the maximum rate authorized by the Bond
2 Authorization Act, from the date of issuance until paid.

3 (c) Prior to ~~the board~~ borrowing or establishing a line of
4 credit under this Section, the board shall authorize, by
5 resolution, the borrowing or line of credit. The resolution
6 shall set forth facts demonstrating the need for the borrowing
7 or line of credit, state the amount to be borrowed, establish a
8 maximum interest rate limit not to exceed that set forth in
9 subsection (b) of this Section, and provide a date by which the
10 borrowed funds shall be repaid. The resolution shall direct the
11 relevant officials to make arrangements to set apart and hold
12 the taxes or other revenue, as received, that will be used to
13 repay the borrowing. In addition, the resolution may authorize
14 the relevant officials to make partial repayments of the
15 borrowing as the taxes or other revenues become available and
16 may contain any other terms, restrictions, or limitations not
17 inconsistent with the provisions of this Section.

18 (Source: P.A. 92-620, eff. 7-11-02.)

19 (105 ILCS 5/17-18 new)

20 Sec. 17-18. Establishment of lines of credit by other
21 educational entities.

22 (a) In lieu of borrowing in accordance with the provisions
23 of Section 18-20 of this Code, an entity, such as a special
24 education cooperative or other such joint agreement or an
25 intergovernmental agreement, may anticipate revenues due in

1 the current fiscal year or expected to be due in the next
2 subsequent fiscal year and issue notes or other obligations
3 (and in connection with that issuance, establish a line of
4 credit with a bank or other financial institution) in an amount
5 not to exceed the following:

6 (1) if anticipating revenues due in the current fiscal
7 year, 85% of the amount or amounts of State categorical or
8 grant payments due in the current fiscal year as certified
9 by the State Superintendent of Education or other official
10 in a position to provide assurances as to the amounts; and

11 (2) if anticipating revenues expected to be due in the
12 next subsequent fiscal year, 50% of the amount or amounts
13 of State categorical or grant payments due in the current
14 fiscal year as certified by the State Superintendent of
15 Education or other official in a position to provide
16 assurances as to the amounts.

17 All moneys so borrowed shall be repaid exclusively from
18 such anticipated revenues within 60 days after the revenues
19 have been received.

20 (b) Borrowing authorized under subsection (a) of this
21 Section shall bear interest at a rate not to exceed the maximum
22 rate authorized by the Bond Authorization Act, from the date of
23 issuance until paid.

24 (c) Prior to borrowing or establishing a line of credit
25 under this Section, the regional superintendent of schools or
26 governing board, as the case may be, shall authorize, by

1 executive order or resolution, the borrowing or line of credit.
2 The executive order or resolution shall set forth facts
3 demonstrating the need for the borrowing or line of credit,
4 state the amount to be borrowed, establish a maximum interest
5 rate limit not to exceed that set forth in subsection (b) of
6 this Section, and provide a date by which the borrowed funds
7 shall be repaid. The executive order or resolution shall direct
8 the relevant officials to make arrangements to set apart and
9 hold the revenue, as received, that will be used to repay the
10 borrowing. In addition, the executive order or resolution may
11 authorize the relevant officials to make partial repayments of
12 the borrowing as the revenues become available and may contain
13 any other terms, restrictions, or limitations not inconsistent
14 with the provisions of this Section.

15 (105 ILCS 5/17-19 new)

16 Sec. 17-19. Establishment of lines of credit by regional
17 superintendents.

18 (a) In lieu of borrowing in accordance with the provisions
19 of Section 18-20 of this Code, a regional superintendent of
20 schools, in his or her official capacity as regional
21 superintendent of schools, may anticipate revenues due in the
22 current fiscal year or expected to be due in the next
23 subsequent fiscal year and issue notes or other obligations
24 (and in connection with that issuance, establish a line of
25 credit with a bank or other financial institution) in an amount

1 not to exceed the following:

2 (1) if anticipating revenues due in the current fiscal
3 year, 85% of the amount or amounts of State categorical or
4 grant payments due in the current fiscal year as certified
5 by the State Superintendent of Education or other official
6 in a position to provide assurances as to the amounts; and

7 (2) if anticipating revenues expected to be due in the
8 next subsequent fiscal year, 50% of the amount or amounts
9 of State categorical or grant payments due in the current
10 fiscal year as certified by the State Superintendent of
11 Education or other official in a position to provide
12 assurances as to the amounts.

13 All moneys so borrowed shall be repaid exclusively from
14 such anticipated revenues within 60 days after the revenues
15 have been received.

16 (b) Borrowing authorized under subsection (a) of this
17 Section shall bear interest at a rate not to exceed the maximum
18 rate authorized by the Bond Authorization Act, from the date of
19 issuance until paid.

20 (c) Prior to borrowing or establishing a line of credit
21 under this Section, the regional superintendent of schools, in
22 his or her official capacity as regional superintendent of
23 schools, shall authorize, by executive order or resolution, the
24 borrowing or line of credit. The executive order or resolution
25 shall set forth facts demonstrating the need for the borrowing
26 or line of credit, state the amount to be borrowed, establish a

1 maximum interest rate limit not to exceed that set forth in
2 subsection (b) of this Section, and provide a date by which the
3 borrowed funds shall be repaid. The executive order or
4 resolution shall direct the relevant officials to make
5 arrangements to set apart and hold the revenue, as received,
6 that will be used to repay the borrowing. In addition, the
7 executive order or resolution may authorize the relevant
8 officials to make partial repayments of the borrowing as the
9 revenues become available and may contain any other terms,
10 restrictions, or limitations not inconsistent with the
11 provisions of this Section.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.