

AN ACT concerning local government.

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

Section 5. The School Code is amended by changing Section 7-14 as follows:

(105 ILCS 5/7-14) (from Ch. 122, par. 7-14)

Sec. 7-14. Bonded indebtedness-Tax rate.

(a) Except as provided in subsection (b), whenever the boundaries of any school district are changed by the annexation or detachment of territory, each such district as it exists on and after such action shall assume the bonded indebtedness, as well as financial obligations to the Capital Development Board pursuant to Section 35-15 (now repealed) of this Code, of all the territory included therein after such change. The tax rate for bonded indebtedness shall be determined in the manner provided in Section 19-7 of this Act, except the County Clerk shall annually extend taxes against all the taxable property situated in the county and contained in each such district as it exists after the action. Notwithstanding the provisions of this subsection, if the boundaries of a school district are changed by annexation or detachment of territory after June 30, 1987, and prior to September 15, 1987, and if the school district to which territory is being annexed has no outstanding

bonded indebtedness on the date such annexation occurs, then the annexing school district shall not be liable for any bonded indebtedness of the district from which the territory is detached, and the school district from which the territory is detached shall remain liable for all of its bonded indebtedness.

(b) Whenever a school district with bonded indebtedness has become dissolved under this Article and its territory annexed to another district, the annexing district or districts shall not, except by action pursuant to resolution of the school board of the annexing district prior to the effective date of the annexation, assume the bonded indebtedness of the dissolved district; nor, except by action pursuant to resolution of the school board of the dissolving district, shall the territory of the dissolved district assume the bonded indebtedness of the annexing district or districts. If the annexing district or districts do not assume the bonded indebtedness of the dissolved district, a tax rate for the bonded indebtedness shall be determined in the manner provided in Section 19-7, and the county clerk or clerks shall annually extend taxes for each outstanding bond issue against all the taxable property that was situated within the boundaries of the district as the boundaries existed at the time of the issuance of each bond issue regardless of whether the property is still contained in that same district at the time of the extension of the taxes by the county clerk or clerks.

(c) Notwithstanding the provisions of Section 19-18 of this Code, upon resolution of the school board, the county clerk must extend taxes to pay the principal of and interest on any bonds issued exclusively to refund any bonded indebtedness of the annexing school district against all of the taxable property that was situated within the boundaries of the annexing district as the boundaries existed at the time of the issuance of the bonded indebtedness being refunded and not against any of the taxable property in the dissolved school district, provided that (i) the net interest rate on the refunding bonds may not exceed the net interest rate on the refunded bonds, (ii) the final maturity date of the refunding bonds may not extend beyond the final maturity date of the refunded bonds, and (iii) the tax levy to pay the refunding bonds in any levy year may not exceed the tax levy that would have been required to pay the refunded bonds for that levy year. The provisions of this subsection (c) are applicable to school districts that were dissolved and their territory annexed to another school district pursuant to a referendum held in April of 2003. The provisions of this subsection (c), other than this sentence, are inoperative 2 years after the effective date of this amendatory Act of the 95th General Assembly.

(Source: P.A. 94-1105, eff. 6-1-07.)

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