**Section 3065.575 General Standards and Guidelines for the Appropriate Utilization of Bond Proceeds**

a) General. The general uses of Build Illinois Bond proceeds appropriated to the State Librarian shall always be consistent with the provisions expressed in Article VIII, Section 1 and Article IX, Section 9 of the 1970 Constitution of the State of Illinois, and with the provisions of the Build Illinois Bond Act [30 ILCS 425].

b) Bondable Capital Improvements.  Bondable capital improvements and related expenditures generally include, but are not limited to, the following:

1) Planning expenses for architectural and engineering design;

2) Real property;

3) Buildings, additions, and/or structures (including required site development or preparation and associated fixed equipment that is required for functional effectiveness);

4) Utilities;

5) Initial durable movable equipment as defined in 71 Ill. Adm. Code 50.120(e), Durable Movable Equipment;

6) Site improvements;

7) Remodeling and/or rehabilitation; and

8) Maintenance and upkeep.

c) Build Illinois Bond Proceeds

1) In general, any expenditure purpose shall be considered appropriate for financing from proceeds, provided that those expenditures:

A) Are not recurring. In this context, recurring expenses are defined as those costs that are incurred at frequent or regular intervals within the initial term of financing, and that would cause pyramiding accumulation of costs for the same expenditure purpose before the expenses initially incurred for that purpose are completely amortized;

B) Can be characterized as durable or not readily consumed in use;

C) Reflect an extended useful life or longevity that confers long-term (non-transitory) benefits on the citizens of the State of Illinois;

D) Are not subject to inherent risk of failure or rapid technological obsolescence, or primarily intended to fulfill temporary requirements;

E) Reflect a direct interest of the State of Illinois, including its legally constituted subdivisions, in any real property to be improved, as evidenced by valid title to the real property on which the proposed improvement is to be made, or an easement interest of record that at least encompasses the proposed term of bond financing;

F) Appreciably increase, improve or enhance the equitable interests of the State of Illinois in capital facilities, land, permanent improvements and related assets;

G) Are considered as internal components of a project that, if considered separately, may not reflect an extended useful life, but will be bondable provided that the components are initially required for and appreciably contribute to effective functioning, or are otherwise incapable of separation from a more complex unit that in itself is bondable.

2) All seven factors must be present in order for an expenditure purpose to be bondable.

3) Notwithstanding the prescribed purposes enumerated in subsection (c)(1), a nonconforming expenditure may yet be considered bondable if it is deemed to be in the public interest, as evidenced by a substantive enactment of the General Assembly. Only Public Acts specifying a project shall be deemed a substantive enactment.

(Source: Added at 35 Ill. Reg. 18366, effective October 18, 2011)