



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2218

Introduced 6/15/2017, 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. Effective immediately.

LRB100 12689 HLH 27541 b

FISCAL NOTE ACT
MAY APPLY

STATE DEBT
IMPACT NOTE ACT
MAY APPLY

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

6 Section 1.5. Definitions. As used in this Act:

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

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

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

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

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

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

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

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

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

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

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

1 Section 5. Bond Sale Expenses.

2 (a) Proceeds of each Bond sale in an amount not to exceed
3 0.5% of the principal amount of the Bonds sold in such Bond
4 sale are authorized to be used to pay reasonable costs of each
5 issuance and sale of Bonds authorized and sold pursuant to this
6 Act, including, without limitation, underwriter's discounts
7 and fees, but excluding bond insurance, advertising, printing,
8 bond rating, security, delivery, legal and financial advisory
9 services, initial fees of trustees, registrars, paying agents
10 and other fiduciaries, initial costs of credit or liquidity
11 enhancement arrangements, initial fees of indexing and
12 remarketing agents, and initial costs of interest rate swaps,
13 guarantees or arrangements to limit interest rate risk, as
14 determined in the related Bond Sale Order; provided, that
15 proceeds of the initial sale and issuance of Bonds authorized
16 and sold pursuant to this Act are authorized to be used to pay
17 travel and other costs incurred by outside vendors in
18 connection with the structuring and marketing of such initial
19 sale and issuance of Bonds authorized under this act and such
20 costs shall not be included in the 0.5% limitation set forth
21 above. The Governor's Office of Management and Budget shall
22 compile a summary of all costs of issuance on each Bond sale
23 (including both costs paid out of proceeds and those paid out
24 of appropriated funds) and post that summary on its website
25 within 20 business days after the issuance of the Bonds. That
26 posting shall be maintained on the web site for a period of at

1 least 30 days. In addition, the Governor's Office of Management
2 and Budget shall provide a written copy of each summary of
3 costs to the Speaker and Minority Leader of the House of
4 Representatives, the President and Minority Leader of the
5 Senate, and the Commission on Government Forecasting and
6 Accountability within 20 business days after each issuance of
7 the Bonds. This summary shall include, as applicable, the
8 respective percentage of participation and compensation of
9 each underwriter that is a member of the underwriting
10 syndicate, legal counsel, financial advisors, and other
11 professionals for the Bond issue, and an identification of all
12 costs of issuance paid to minority owned businesses, female
13 owned businesses, and businesses owned by persons with
14 disabilities. The Governor's Office of Management and Budget
15 shall provide copies of all contracts under which any costs of
16 issuance are paid or to be paid to the Commission on Government
17 Forecasting and Accountability within 20 business days after
18 the issuance of Bonds for which those costs are paid or to be
19 paid. Instead of filing a second or subsequent copy of the same
20 contract, the Governor's Office of Management and Budget may
21 file a statement that specified costs are paid under specified
22 contracts filed earlier with the Commission.

23 (b) The Director shall not, in connection with the issuance
24 of Bonds, contract with any underwriter, financial advisor, or
25 attorney unless that underwriter, financial advisor, or
26 attorney certifies that the underwriter, financial advisor, or

1 attorney has not and will not pay a contingent fee, whether
2 directly or indirectly, to any third party for having promoted
3 the selection of the underwriter, financial advisor, or
4 attorney for that contract. In the event that the Governor's
5 Office of Management and Budget determines that an underwriter,
6 financial advisor, or attorney has filed a false certification
7 with respect to the payment of contingent fees, the Governor's
8 Office of Management and Budget shall not contract with that
9 underwriter, financial advisor, or attorney, or with any firm
10 employing any person who signed such false certification, for a
11 period of 2 calendar years, beginning with the date the
12 determination is made. The validity of Bonds issued under such
13 circumstances of violation pursuant to this Section shall not
14 be affected.

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

18 (a) Bonds shall be issued and sold from time to time, in
19 one or more series, in such amounts and at such prices as
20 directed by the Governor, upon recommendation by the Director.
21 Bonds shall be payable only from the specific sources and
22 secured in the manner provided in this Act. Bonds shall be in
23 such form, in such denominations, mature on such dates within 8
24 years from their date of issuance, be subject to optional or
25 mandatory redemption, bear interest payable at such times and

1 at such rate or rates, fixed or variable, and be dated as shall
2 be fixed and determined by the Director in an order authorizing
3 the issuance and sale of any series of bonds, which order shall
4 be approved by the Governor and is referred to in this Act as a
5 "Bond Sale Order"; provided, however, that interest payable at
6 fixed rates shall not exceed that permitted in the Bond
7 Authorization Act, as now or hereafter amended, and interest
8 payable at variable rates shall not exceed the maximum rate
9 permitted in the Bond Sale Order, notwithstanding the
10 provisions of said Bond Authorization Act. Bonds issued under
11 this Act shall be payable at such place or places, within or
12 without the State of Illinois, and may be made registrable as
13 to either principal only or as to both principal and interest,
14 as shall be specified in the Bond Sale Order. Bonds may be made
15 subject to redemption or subject to purchase and retirement or
16 remarketing as fixed and determined in the Bond Sale Order.

17 All Bonds authorized under this Act shall be issued
18 pursuant to a master trust indenture (the "Master Indenture")
19 executed and delivered on behalf of the State by the Director.
20 The Master Indenture shall be in substantially the form
21 approved in the Bond Sale Order authorizing the issuance and
22 sale of the initial series of Bonds issued under this Act. Such
23 initial series of Bonds may, and each subsequent series of
24 Bonds shall, also be issued pursuant to a supplemental trust
25 indenture (each, a "Supplemental Indenture" and, together with
26 the Master Indenture, each an "Indenture") executed and

1 delivered on behalf of the State by the Director, each such
2 Supplemental Indenture to be in substantially the form approved
3 in the Bond Sale Order relating to such series. The Master
4 Indenture and any Supplemental Indenture shall be entered into
5 with a bank or trust company in the State of Illinois having
6 trust powers and possessing capital and surplus of not less
7 than \$100,000,000. Such Indentures shall set forth the terms
8 and conditions of the Bonds and provide for payment of and
9 security for the Bonds, including the establishment and
10 maintenance of debt service and reserve funds, and for other
11 protections for holders of the Bonds, including without
12 limitation, provisions relating to debt service coverage and
13 the issuance of parity obligations. The term "reserve funds" as
14 used in this Act shall include funds and accounts established
15 under Indentures to provide for the payment of principal of and
16 premium and interest on Bonds, to provide for the purchase,
17 retirement or defeasance of Bonds, to provide for fees of
18 trustees, registrars, paying agents, and other fiduciaries and
19 to provide for payment of costs of and debt service payable in
20 respect of credit or liquidity enhancement arrangements,
21 interest rate swaps or guarantees, or financial futures
22 contracts and indexing and remarketing agents' services.

23 In the case of any series of Bonds bearing interest at a
24 variable interest rate ("Variable Rate Bonds"), in lieu of
25 determining the rate or rates at which such series of Variable
26 Rate Bonds shall bear interest and the price or prices at which

1 such Variable Rate Bonds shall be initially sold or remarketed
2 (in the event of purchase and subsequent resale), the Bond Sale
3 Order may provide that such interest rates and prices may vary
4 from time to time depending on criteria established in such
5 Bond Sale Order, which criteria may include, without
6 limitation, references to indices or variations in interest
7 rates as may, in the judgment of a remarketing agent, be
8 necessary to permit Variable Rate Bonds of such series to be
9 remarketed from time to time at a price equal to their
10 principal amount (or compound accreted value in the case of
11 original issue discount Variable Rate Bonds), and may provide
12 for appointment of indexing agents and a bank, trust company,
13 investment bank, or other financial institution to serve as
14 remarketing agent in connection therewith. The Bond Sale Order
15 may provide that alternative interest rates or provisions for
16 establishing alternative interest rates, different security or
17 claim priorities or different redemption or amortization
18 provisions will apply during such times as Bonds of any series
19 are held by a person providing credit or liquidity enhancement
20 arrangements for such Bonds as authorized in subsection (b) of
21 this Section 6.

22 (b) In connection with the issuance of any series of Bonds,
23 the State may enter into arrangements to provide additional
24 security and liquidity for such Bonds, including, without
25 limitation, bond or interest rate insurance or letters of
26 credit, lines of credit, bond purchase contracts, or other

1 arrangements whereby funds are made available to retire or
2 purchase Bonds, thereby assuring the ability of owners of the
3 Bonds to sell, redeem, or receive payment at maturity for their
4 Bonds. The State may enter into contracts and may agree to pay
5 fees to persons providing such arrangements, but only under
6 circumstances where the Director certifies that he or she
7 reasonably expects the total interest paid or to be paid on the
8 Bonds, together with the fees for the arrangements (being
9 treated as if interest), would not, taken together, cause the
10 Bonds to bear interest, calculated to their stated maturity, at
11 a rate in excess of the rate which the Bonds would bear in the
12 absence of such arrangements. Any bonds, notes, or other
13 evidences of indebtedness issued pursuant to any such
14 arrangements for the purpose of retiring and discharging
15 outstanding Bonds shall constitute refunding Bonds under
16 Section 12 of this Act. The State may participate in and enter
17 into arrangements with respect to interest rate swaps or
18 guarantees or financial futures contracts for the purpose of
19 limiting or restricting interest rate risk; provided that such
20 arrangements shall be made with or executed through banks
21 having capital and surplus of not less than \$100,000,000 or
22 insurance companies holding the highest policyholder rating
23 accorded insurers by A.M. Best & Co. or any comparable rating
24 service or government bond dealers reporting to, trading with,
25 and recognized as primary dealers by a Federal Reserve Bank and
26 having capital and surplus of not less than \$100,000,000, or

1 other persons whose debt securities are rated in the highest
2 long-term categories by both Moody's Investors' Services, Inc.
3 and Standard & Poor's Corporation. Agreements incorporating
4 any of the foregoing arrangements may be executed and delivered
5 by the Director on behalf of the State in substantially the
6 form approved in the Bond Sale Order relating to such Bonds.

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

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

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

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

24 Executed Bonds shall, upon payment therefor, be delivered
25 to the purchaser, and the proceeds of Bonds shall be paid into

1 the State Treasury as directed by Section 11 of this Act. The
2 Governor and the Director are each hereby authorized and
3 directed to execute and deliver such certificates, indentures,
4 agreements, and documents, including any supplements or
5 amendments thereto, and to take such actions and do such things
6 as shall be necessary or desirable to carry out the purposes of
7 this Act. Any action authorized or permitted to be taken by the
8 Director pursuant to this Act is hereby authorized to be taken
9 by any person specifically designated by the Governor to take
10 such action in a certificate signed by the Governor and filed
11 with the Secretary of State.

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

22 Section 10. Truth in borrowing disclosures.

23 (a) Within 20 business days after the issuance of any Bonds
24 under this Act, the Director shall publish a truth in borrowing

1 disclosure that discloses the total principal and interest
2 payments to be paid on the Bonds over the full stated term of
3 the Bonds. The disclosure shall also include principal and
4 interest payments to be made by each fiscal year over the full
5 stated term of the Bonds and the total principal and interest
6 payments to be made by each fiscal year on all other
7 outstanding Bonds issued under this Act over the full stated
8 terms of those Bonds.

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

15 (c) The disclosures required in subsections (a) and (b)
16 shall be published by posting the disclosures for no less than
17 30 days on the web site of the Governor's Office of Management
18 and Budget and by providing the disclosures in written form to
19 the Commission on Government Forecasting and Accountability.
20 These disclosures shall be calculated assuming Bonds are not
21 redeemed or refunded prior to their stated maturities. Amounts
22 included in these disclosures as payment of interest on
23 variable rate Bonds shall be computed at an interest rate equal
24 to the rate at which the variable rate Bonds are first set upon
25 issuance, plus 2.5%, after taking into account any credits
26 permitted in the related indenture or other instrument against

1 the amount of such interest for each fiscal year. Amounts
2 included in these disclosures as payments of interest shall
3 include those amounts paid pursuant to arrangements authorized
4 pursuant to subsection (b) of Section 6 of this Act.

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

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

1 specified in the related Bond Sale Order.

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

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

17 Refunding Bonds may be sold in such amounts and at such
18 times, as directed by the Governor upon recommendation by the
19 Director. The Governor shall notify the State Treasurer and the
20 State Comptroller of such refunding. The proceeds received from
21 the sale of refunding Bonds shall be used for the retirement at
22 maturity or redemption of such outstanding Bonds on any
23 maturity or redemption date and, pending such use, shall be
24 placed in escrow, subject to such terms and conditions as shall
25 be provided for in the Bond Sale Order relating to the

1 refunding Bonds. This Act shall constitute an irrevocable and
2 continuing appropriation of all amounts necessary to establish
3 an escrow account for the purpose of refunding outstanding
4 Bonds and to pay the reasonable expenses of such refunding and
5 of the issuance and sale of the refunding Bonds. Any such
6 escrowed proceeds may be invested and reinvested in direct
7 obligations of the United States of America, maturing at such
8 time or times as shall be appropriate to assure the prompt
9 payment, when due, of the principal of and interest and
10 redemption premium, if any, on the refunded Bonds. After the
11 terms of the escrow have been fully satisfied, any remaining
12 balance of such proceeds and interest, income and profits
13 earned or realized on the investments thereof shall be paid
14 into the General Revenue Fund. The liability of the State upon
15 the refunded Bonds shall continue, provided that the holders
16 thereof shall thereafter be entitled to payment only out of the
17 moneys deposited in the escrow account and the refunded Bonds
18 shall be deemed paid, discharged, and no longer to be
19 outstanding.

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

25 Section 13. Appropriation of Proceeds from Sale of Bonds.

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

22 Section 14. Repayment.

23 (a) To provide for the repayment of Bonds and required
24 deposits into reserve funds required to be maintained as
25 security for the Bonds, the Governor shall include an

1 appropriation in each annual State Budget of moneys in such
2 amount as shall be necessary and sufficient, for the period
3 covered by such State Budget, to pay the interest, as it shall
4 accrue, on all Bonds issued under this Act, to pay and
5 discharge the principal of such Bonds, including any sinking
6 fund redemptions, as shall fall due during such period, to pay
7 the premium, if any, on Bonds to be redeemed prior to maturity
8 and to make required deposits to any reserve funds required to
9 be maintained as security for Bonds or for the purpose of
10 retiring or defeasing Bonds, including any replenishments in
11 the event of deficiencies in any reserve funds; provided,
12 however, that amounts included in such appropriations for
13 payment of interest on Variable Rate Bonds shall be the maximum
14 amounts of interest which may be payable for the period covered
15 by such State Budget after taking into account any credits
16 permitted in the related Indenture against the amount of such
17 interest required to be appropriated for such period; and
18 further provided that such appropriated amount shall not be
19 less than the Certified Annual Debt Service Requirement (as
20 hereafter defined) for any such fiscal year.

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

24 (c) The General Assembly shall annually make
25 appropriations to pay the principal of and interest and
26 premium, if any, on the Bonds sold under this Act and to make

1 required deposits into reserve funds required to be maintained
2 as security for the Bonds from the Individual Income Tax Bond
3 Retirement and Interest Fund in such amounts as shall be
4 necessary and sufficient to pay the principal of and interest
5 and premium, if any, on the Bonds coming due in each such
6 fiscal year, including any sinking fund redemptions, and to
7 make required deposits to reserve funds for the purpose of
8 securing Bonds or retiring or defeasing Bonds, including
9 replenishment of any deficiencies therein; provided, however,
10 that amounts included in such appropriations for payment of
11 interest on Variable Rate Bonds shall be the maximum amounts of
12 interest which may be payable during such fiscal year after
13 taking into account any credits permitted in the related
14 indenture against the amount of such interest required to be
15 appropriated for such period; and, further provided, that such
16 appropriated amount shall not be less than the Certified Annual
17 Debt Service Requirement for any such fiscal year. If for any
18 reason the State Treasurer and Comptroller fail to (i) credit
19 amounts to the Individual Income Tax Bond Fund in the State
20 Treasury created under Section 6z-102 of the State Finance Act,
21 as required by Section 6z-102 of said State Finance Act, or
22 (ii) make transfers to the Individual Income Tax Bond
23 Retirement and Interest Fund from the Individual Income Tax
24 Bond Fund as required by paragraph (d) of Section 6z-102 of
25 said State Finance Act or (iii) make payments from the
26 Individual Income Tax Bond Retirement and Interest Fund to the

1 trustee under the Master Indenture as required by Section 16 of
2 this Act, or if for any reason the General Assembly fails to
3 make appropriations from the Individual Income Tax Bond
4 Retirement and Interest Fund sufficient to pay the principal of
5 and interest and premium, if any, on the Bonds, as the same by
6 their terms shall become due, and to make required deposits
7 into reserve funds required to be maintained as security for
8 the Bonds or to retire or defease Bonds, including
9 replenishment of any deficiencies, this Act shall constitute an
10 irrevocable and continuing appropriation of all amounts
11 necessary for all of the above purposes, and the irrevocable
12 and continuing authority for and direction to the State
13 Treasurer and the State Comptroller to make the necessary
14 transfers and deposits, as directed by the Governor, from the
15 sources specified in Section 6z-102 of the State Finance Act to
16 the Individual Income Tax Bond Fund and from the Individual
17 Income Tax Bond Fund to the Individual Income Tax Bond
18 Retirement and Interest Fund and to make the necessary payments
19 from the Individual Income Tax Bond Retirement and Interest
20 Fund to the trustee under the Master Indenture.

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

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

26 The Bonds are hereby made securities in which all public

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

17 Section 16. Computation of Principal and Interest;
18 Transfer from Individual Income Tax Bond Fund; Payment from
19 Individual Income Tax Bond Retirement and Interest Fund. Upon
20 each delivery of Bonds authorized to be issued under this Act,
21 the trustee under the Master Indenture shall compute and
22 certify to the Director, the Comptroller, and the State
23 Treasurer (i) the total amount of the principal of and the
24 interest and the premium, if any, on the Bonds then being
25 issued and on Bonds previously issued and outstanding that will

1 be payable in order to retire such Bonds at their stated
2 maturities or mandatory sinking fund payment dates and (ii) the
3 amount of principal of and interest and premium, if any, on
4 such Bonds that will be payable on each principal, interest,
5 and mandatory sinking fund payment date according to the tenor
6 of such Bonds during the then current and each succeeding
7 fiscal year. Such certifications shall include with respect to
8 interest payable on Variable Rate Bonds the maximum amount of
9 interest which may be payable for the relevant period after
10 taking into account any credits permitted in the related
11 indenture against the amount of such interest required to be
12 appropriated for such period pursuant to subsection (c) of
13 Section 14 of this Act.

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

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

17 In each month in which Bonds are outstanding, the State
18 Treasurer and Comptroller shall transfer, in accordance with
19 section 6z-102(d) of the State Finance Act, from the Individual
20 Income Tax Bond Fund to the Individual Income Tax Bond
21 Retirement and Interest Fund, and shall make payment from the
22 Individual Income Tax Bond Retirement and Interest Fund to the
23 trustee under the Master Indenture of, an amount equal to
24 1/12th (or such greater fractional amount where the numerator
25 is 1 and the denominator is the number of whole months to the
26 first payment date, if such first payment date is less than one

1 year from the date of issuance) of 125% of the Certified Annual
2 Debt Service Requirement, plus any cumulative deficiency in
3 such transfers and payments for prior months (the amount of
4 such monthly transfer being referred to as the "Monthly
5 Transfer Amount"); provided that such transfers and payments
6 for any such fiscal year shall not exceed the Certified Annual
7 Debt Service Requirement.

8 Section 17. State Covenant. The State of Illinois
9 irrevocably covenants and agrees with the holders of Bonds
10 issued pursuant to this Act that the State will not limit or
11 alter (i) the basis on which the taxes and revenues of the
12 State are required to be collected and deposited in the
13 Individual Income Tax Bond Fund under the State Finance Act and
14 to be credited to and transferred from the Individual Income
15 Tax Bond Fund pursuant to paragraph (d) of Section 6z-102 of
16 the State Finance Act; (ii) the basis on which transfers of
17 amounts credited to the Individual Income Tax Bond Fund are
18 required to be made to the Individual Income Tax Bond
19 Retirement and Interest Fund; (iii) the purposes of the
20 Individual Income Tax Bond Retirement and Interest Fund; or
21 (iv) the provisions of this Section 17, or of Sections 14, 15,
22 and 16 of this Act or the provisions of Section 6z-102 of the
23 State Finance Act, as amended, so as to impair, in any of the
24 foregoing respects, the obligations of contract incurred by the
25 State in favor of the holders of Bonds issued under this Act;

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

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

24 If the Supreme Court of Illinois denies the holder or
25 holders of Bonds or a trustee under an Indenture acting on

1 their behalf leave to file an original action in the Supreme
2 Court, the Bond holder or holders or such indenture trustee may
3 bring the action in the Circuit Court of Sangamon County.

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

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

24 (b) Moneys in the Individual Income Tax Bond Proceeds Fund
25 may be invested as permitted in the Deposit of State Moneys Act

1 and in the Public Funds Investment Act. Moneys on deposit in
2 the Individual Income Tax Bond Retirement and Interest Fund may
3 be invested in securities constituting direct obligations of
4 the United States Government, or in obligations the principal
5 of and interest on which are guaranteed by the United States
6 Government, or in certificates of deposit of any state or
7 national bank which are fully secured by obligations of, or
8 guaranteed as to principal and interest by, the United States
9 Government. Moneys on deposit with a trustee and held subject
10 to an Indenture shall be invested in accordance with the above
11 laws and the provisions of such Indenture.

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

14 (30 ILCS 105/5.878 new)

15 Sec. 5.878. The Individual Income Tax Bond Fund.

16 (30 ILCS 105/5.879 new)

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

19 (30 ILCS 105/6z-102 new)

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

21 (a) The Individual Income Tax Bond Fund is created in the
22 State Treasury. All tax revenues which by law are required to

1 be deposited in the Individual Income Tax Bond Fund shall be
2 paid into the Individual Income Tax Bond Fund upon their
3 collection, payment or other receipt as provided by law,
4 including the pledge set forth in Section 15 of the Individual
5 Income Tax Bond Act. All tax revenues paid into the Individual
6 Income Tax Bond Fund shall be promptly invested by the State
7 Treasurer in accordance with law, and all interest or other
8 earnings accruing or received thereon shall be credited to and
9 paid into the Individual Income Tax Bond Fund. No tax revenues,
10 interest or earnings paid into the Individual Income Tax Bond
11 Fund shall be transferred or allocated by the Comptroller or
12 State Treasurer to any other fund, nor shall the Governor
13 authorize any such transfer or allocation, nor shall any tax
14 revenues or other moneys, interest or earnings paid into the
15 Individual Income Tax Bond Fund be used, temporarily or
16 otherwise, for interfund borrowing, or be otherwise used or
17 appropriated, except as expressly authorized and provided in
18 paragraphs (c) and (d) of this Section for the sole purposes
19 and subject to the priorities, limitations and conditions
20 prescribed therein.

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

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

1 prescribed by this Section.

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

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

25 Section 905. The Illinois Income Tax Act is amended by

1 changing Section 901 as follows:

2 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

3 Sec. 901. Collection authority.

4 (a) In general.

5 The Department shall collect the taxes imposed by this Act.
6 The Department shall collect certified past due child support
7 amounts under Section 2505-650 of the Department of Revenue Law
8 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
9 (e), (f), (g), ~~and~~ (h), and (i) of this Section, money
10 collected pursuant to subsections (a) and (b) of Section 201 of
11 this Act shall be paid into the General Revenue Fund in the
12 State treasury; money collected pursuant to subsections (c) and
13 (d) of Section 201 of this Act shall be paid into the Personal
14 Property Tax Replacement Fund, a special fund in the State
15 Treasury; and money collected under Section 2505-650 of the
16 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
17 into the Child Support Enforcement Trust Fund, a special fund
18 outside the State Treasury, or to the State Disbursement Unit
19 established under Section 10-26 of the Illinois Public Aid
20 Code, as directed by the Department of Healthcare and Family
21 Services.

22 (b) Local Government Distributive Fund.

23 Beginning August 1, 1969, and continuing through June 30,
24 1994, the Treasurer shall transfer each month from the General
25 Revenue Fund to a special fund in the State treasury, to be

1 known as the "Local Government Distributive Fund", an amount
2 equal to 1/12 of the net revenue realized from the tax imposed
3 by subsections (a) and (b) of Section 201 of this Act during
4 the preceding month. Beginning July 1, 1994, and continuing
5 through June 30, 1995, the Treasurer shall transfer each month
6 from the General Revenue Fund to the Local Government
7 Distributive Fund an amount equal to 1/11 of the net revenue
8 realized from the tax imposed by subsections (a) and (b) of
9 Section 201 of this Act during the preceding month. Beginning
10 July 1, 1995 and continuing through January 31, 2011, the
11 Treasurer shall transfer each month from the General Revenue
12 Fund to the Local Government Distributive Fund an amount equal
13 to the net of (i) 1/10 of the net revenue realized from the tax
14 imposed by subsections (a) and (b) of Section 201 of the
15 Illinois Income Tax Act during the preceding month (ii) minus,
16 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
17 and beginning July 1, 2004, zero. Beginning February 1, 2011,
18 and continuing through January 31, 2015, the Treasurer shall
19 transfer each month from the General Revenue Fund to the Local
20 Government Distributive Fund an amount equal to the sum of (i)
21 6% (10% of the ratio of the 3% individual income tax rate prior
22 to 2011 to the 5% individual income tax rate after 2010) of the
23 net revenue realized from the tax imposed by subsections (a)
24 and (b) of Section 201 of this Act upon individuals, trusts,
25 and estates during the preceding month and (ii) 6.86% (10% of
26 the ratio of the 4.8% corporate income tax rate prior to 2011

1 to the 7% corporate income tax rate after 2010) of the net
2 revenue realized from the tax imposed by subsections (a) and
3 (b) of Section 201 of this Act upon corporations during the
4 preceding month. Beginning February 1, 2015 and continuing
5 through January 31, 2025, the Treasurer shall transfer each
6 month from the General Revenue Fund to the Local Government
7 Distributive Fund an amount equal to the sum of (i) 8% (10% of
8 the ratio of the 3% individual income tax rate prior to 2011 to
9 the 3.75% individual income tax rate after 2014) of the net
10 revenue realized from the tax imposed by subsections (a) and
11 (b) of Section 201 of this Act upon individuals, trusts, and
12 estates during the preceding month and (ii) 9.14% (10% of the
13 ratio of the 4.8% corporate income tax rate prior to 2011 to
14 the 5.25% corporate income tax rate after 2014) of the net
15 revenue realized from the tax imposed by subsections (a) and
16 (b) of Section 201 of this Act upon corporations during the
17 preceding month. Beginning February 1, 2025, the Treasurer
18 shall transfer each month from the General Revenue Fund to the
19 Local Government Distributive Fund an amount equal to the sum
20 of (i) 9.23% (10% of the ratio of the 3% individual income tax
21 rate prior to 2011 to the 3.25% individual income tax rate
22 after 2024) of the net revenue realized from the tax imposed by
23 subsections (a) and (b) of Section 201 of this Act upon
24 individuals, trusts, and estates during the preceding month and
25 (ii) 10% of the net revenue realized from the tax imposed by
26 subsections (a) and (b) of Section 201 of this Act upon

1 corporations during the preceding month. Net revenue realized
2 for a month shall be defined as the revenue from the tax
3 imposed by subsections (a) and (b) of Section 201 of this Act
4 which is deposited in the General Revenue Fund, the Education
5 Assistance Fund, the Income Tax Surcharge Local Government
6 Distributive Fund, the Fund for the Advancement of Education,
7 and the Commitment to Human Services Fund during the month
8 minus the amount paid out of the General Revenue Fund in State
9 warrants during that same month as refunds to taxpayers for
10 overpayment of liability under the tax imposed by subsections
11 (a) and (b) of Section 201 of this Act.

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

17 (c) Deposits Into Income Tax Refund Fund.

18 (1) Beginning on January 1, 1989 and thereafter, the
19 Department shall deposit a percentage of the amounts
20 collected pursuant to subsections (a) and (b)(1), (2), and
21 (3), of Section 201 of this Act into a fund in the State
22 treasury known as the Income Tax Refund Fund. The
23 Department shall deposit 6% of such amounts during the
24 period beginning January 1, 1989 and ending on June 30,
25 1989. Beginning with State fiscal year 1990 and for each
26 fiscal year thereafter, the percentage deposited into the

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

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

10 (2) Beginning on January 1, 1989 and thereafter, the
11 Department shall deposit a percentage of the amounts
12 collected pursuant to subsections (a) and (b) (6), (7), and
13 (8), (c) and (d) of Section 201 of this Act into a fund in
14 the State treasury known as the Income Tax Refund Fund. The
15 Department shall deposit 18% of such amounts during the
16 period beginning January 1, 1989 and ending on June 30,
17 1989. Beginning with State fiscal year 1990 and for each
18 fiscal year thereafter, the percentage deposited into the
19 Income Tax Refund Fund during a fiscal year shall be the
20 Annual Percentage. For fiscal years 1999, 2000, and 2001,
21 the Annual Percentage shall be 19%. For fiscal year 2003,
22 the Annual Percentage shall be 27%. For fiscal year 2004,
23 the Annual Percentage shall be 32%. Upon the effective date
24 of this amendatory Act of the 93rd General Assembly, the
25 Annual Percentage shall be 24% for fiscal year 2005. For
26 fiscal year 2006, the Annual Percentage shall be 20%. For

1 fiscal year 2007, the Annual Percentage shall be 17.5%. For
2 fiscal year 2008, the Annual Percentage shall be 15.5%. For
3 fiscal year 2009, the Annual Percentage shall be 17.5%. For
4 fiscal year 2010, the Annual Percentage shall be 17.5%. For
5 fiscal year 2011, the Annual Percentage shall be 17.5%. For
6 fiscal year 2012, the Annual Percentage shall be 17.5%. For
7 fiscal year 2013, the Annual Percentage shall be 14%. For
8 fiscal year 2014, the Annual Percentage shall be 13.4%. For
9 fiscal year 2015, the Annual Percentage shall be 14%. For
10 all other fiscal years, the Annual Percentage shall be
11 calculated as a fraction, the numerator of which shall be
12 the amount of refunds approved for payment by the
13 Department during the preceding fiscal year as a result of
14 overpayment of tax liability under subsections (a) and
15 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
16 Act plus the amount of such refunds remaining approved but
17 unpaid at the end of the preceding fiscal year, and the
18 denominator of which shall be the amounts which will be
19 collected pursuant to subsections (a) and (b) (6), (7), and
20 (8), (c) and (d) of Section 201 of this Act during the
21 preceding fiscal year; except that in State fiscal year
22 2002, the Annual Percentage shall in no event exceed 23%.
23 The Director of Revenue shall certify the Annual Percentage
24 to the Comptroller on the last business day of the fiscal
25 year immediately preceding the fiscal year for which it is
26 to be effective.

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

6 (d) Expenditures from Income Tax Refund Fund.

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

15 (2) The Director shall order payment of refunds
16 resulting from overpayment of tax liability under Section
17 201 of this Act from the Income Tax Refund Fund only to the
18 extent that amounts collected pursuant to Section 201 of
19 this Act and transfers pursuant to this subsection (d) and
20 item (3) of subsection (c) have been deposited and retained
21 in the Fund.

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

1 the Comptroller, equal to the excess of the amount
2 collected pursuant to subsections (c) and (d) of Section
3 201 of this Act deposited into the Income Tax Refund Fund
4 during the fiscal year over the amount of refunds resulting
5 from overpayment of tax liability under subsections (c) and
6 (d) of Section 201 of this Act paid from the Income Tax
7 Refund Fund during the fiscal year.

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

20 (4.5) As soon as possible after the end of fiscal year
21 1999 and of each fiscal year thereafter, the Director shall
22 order transferred and the State Treasurer and State
23 Comptroller shall transfer from the Income Tax Refund Fund
24 to the General Revenue Fund any surplus remaining in the
25 Income Tax Refund Fund as of the end of such fiscal year;
26 excluding for fiscal years 2000, 2001, and 2002 amounts

1 attributable to transfers under item (3) of subsection (c)
2 less refunds resulting from the earned income tax credit.

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

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

9 On July 1, 1991, and thereafter, of the amounts collected
10 pursuant to subsections (a) and (b) of Section 201 of this Act,
11 minus deposits into the Income Tax Refund Fund, the Department
12 shall deposit 7.3% into the Education Assistance Fund in the
13 State Treasury. Beginning July 1, 1991, and continuing through
14 January 31, 1993, of the amounts collected pursuant to
15 subsections (a) and (b) of Section 201 of the Illinois Income
16 Tax Act, minus deposits into the Income Tax Refund Fund, the
17 Department shall deposit 3.0% into the Income Tax Surcharge
18 Local Government Distributive Fund in the State Treasury.
19 Beginning February 1, 1993 and continuing through June 30,
20 1993, of the amounts collected pursuant to subsections (a) and
21 (b) of Section 201 of the Illinois Income Tax Act, minus
22 deposits into the Income Tax Refund Fund, the Department shall
23 deposit 4.4% into the Income Tax Surcharge Local Government
24 Distributive Fund in the State Treasury. Beginning July 1,
25 1993, and continuing through June 30, 1994, of the amounts
26 collected under subsections (a) and (b) of Section 201 of this

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

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

11 (1) beginning February 1, 2015, and prior to February
12 1, 2025, 1/30; and

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

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

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

25 (1) beginning February 1, 2015, and prior to February
26 1, 2025, 1/30; and

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

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

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

18 (i) Deposits into the Individual Income Tax Bond Fund.
19 Beginning on the first day of the calendar month succeeding the
20 date of issuance of the initial series of Bonds under the
21 Individual Income Tax Bond Act, the Department shall deposit
22 60% of the net of the amounts collected from the imposition of
23 the tax on individuals pursuant to subsections (a) and (b) of
24 Section 201 of this Act remaining after deposits or transfers
25 into (i) the Local Government Distributive Fund pursuant to
26 subsection (b) of this Section, (ii) the Income Tax Refund Fund

1 pursuant to subsection (c) of this Section, (iii) the Education
2 Assistance Fund and the Income Tax Surcharge Local Government
3 Distributive Fund pursuant to subsection (e) of this Section,
4 (iv) the Fund for the Advancement of Education pursuant to
5 subsection (f) of this Section, and (v) the Commitment to Human
6 Services Fund pursuant to subsection (g) of this Section.

7 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
8 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
9 7-20-15.)

10 Section 999. Effective date. This Act takes effect upon
11 becoming law.