



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB3480

Introduced 2/23/2005, by Rep. Renee Kosel - Aaron Schock - Elizabeth Coulson

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/10-20.21	from Ch. 122, par. 10-20.21
105 ILCS 5/17-1	from Ch. 122, par. 17-1
30 ILCS 805/8.29 new	

Amends the School Code. Provides that the annual budget of a school district under 500,000 inhabitants shall separately identify revenue from taxes and revenue from all other sources, including without limitation vending machines, and disclose all school board-sanctioned contractual agreements and the estimated revenue to be received as a result of these contracts. Requires all contracts and agreements that pertain to goods and services and that are intended to generate additional revenue and other remunerations for a school district, including without limitation vending machine contracts, sports and other attire, class rings, and photographic services to be approved by the school board. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 11248 RAS 41990 b

FISCAL NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 10-20.21 and 17-1 as follows:

6 (105 ILCS 5/10-20.21) (from Ch. 122, par. 10-20.21)  
7 Sec. 10-20.21. Contracts.

8 (a) To award all contracts for purchase of supplies,  
9 materials or work or contracts with private carriers for  
10 transportation of pupils involving an expenditure in excess of  
11 \$10,000 to the lowest responsible bidder, considering  
12 conformity with specifications, terms of delivery, quality and  
13 serviceability, after due advertisement, except the following:  
14 (i) contracts for the services of individuals possessing a high  
15 degree of professional skill where the ability or fitness of  
16 the individual plays an important part; (ii) contracts for the  
17 printing of finance committee reports and departmental  
18 reports; (iii) contracts for the printing or engraving of  
19 bonds, tax warrants and other evidences of indebtedness; (iv)  
20 contracts for the purchase of perishable foods and perishable  
21 beverages; (v) contracts for materials and work which have been  
22 awarded to the lowest responsible bidder after due  
23 advertisement, but due to unforeseen revisions, not the fault  
24 of the contractor for materials and work, must be revised  
25 causing expenditures not in excess of 10% of the contract  
26 price; (vi) contracts for the maintenance or servicing of, or  
27 provision of repair parts for, equipment which are made with  
28 the manufacturer or authorized service agent of that equipment  
29 where the provision of parts, maintenance, or servicing can  
30 best be performed by the manufacturer or authorized service  
31 agent; (vii) purchases and contracts for the use, purchase,  
32 delivery, movement, or installation of data processing

1 equipment, software, or services and telecommunications and  
2 interconnect equipment, software, and services; (viii)  
3 contracts for duplicating machines and supplies; (ix)  
4 contracts for the purchase of natural gas when the cost is less  
5 than that offered by a public utility; (x) purchases of  
6 equipment previously owned by some entity other than the  
7 district itself; (xi) contracts for repair, maintenance,  
8 remodeling, renovation, or construction, or a single project  
9 involving an expenditure not to exceed \$20,000 and not  
10 involving a change or increase in the size, type, or extent of  
11 an existing facility; (xii) contracts for goods or services  
12 procured from another governmental agency; (xiii) contracts  
13 for goods or services which are economically procurable from  
14 only one source, such as for the purchase of magazines, books,  
15 periodicals, pamphlets and reports, and for utility services  
16 such as water, light, heat, telephone or telegraph; (xiv) where  
17 funds are expended in an emergency and such emergency  
18 expenditure is approved by 3/4 of the members of the board; and  
19 (xv) State master contracts authorized under Article 28A of  
20 this Code.

21 All competitive bids for contracts involving an  
22 expenditure in excess of \$10,000 must be sealed by the bidder  
23 and must be opened by a member or employee of the school board  
24 at a public bid opening at which the contents of the bids must  
25 be announced. Each bidder must receive at least 3 days' notice  
26 of the time and place of the bid opening. For purposes of this  
27 Section due advertisement includes, but is not limited to, at  
28 least one public notice at least 10 days before the bid date in  
29 a newspaper published in the district, or if no newspaper is  
30 published in the district, in a newspaper of general  
31 circulation in the area of the district. State master contracts  
32 and certified education purchasing contracts, as defined in  
33 Article 28A of this Code, are not subject to the requirements  
34 of this paragraph.

35 (b) To require, as a condition of any contract for goods  
36 and services, that persons bidding for and awarded a contract

1 and all affiliates of the person collect and remit Illinois Use  
2 Tax on all sales of tangible personal property into the State  
3 of Illinois in accordance with the provisions of the Illinois  
4 Use Tax Act regardless of whether the person or affiliate is a  
5 "retailer maintaining a place of business within this State" as  
6 defined in Section 2 of the Use Tax Act. For purposes of this  
7 Section, the term "affiliate" means any entity that (1)  
8 directly, indirectly, or constructively controls another  
9 entity, (2) is directly, indirectly, or constructively  
10 controlled by another entity, or (3) is subject to the control  
11 of a common entity. For purposes of this subsection (b), an  
12 entity controls another entity if it owns, directly or  
13 individually, more than 10% of the voting securities of that  
14 entity. As used in this subsection (b), the term "voting  
15 security" means a security that (1) confers upon the holder the  
16 right to vote for the election of members of the board of  
17 directors or similar governing body of the business or (2) is  
18 convertible into, or entitles the holder to receive upon its  
19 exercise, a security that confers such a right to vote. A  
20 general partnership interest is a voting security.

21 To require that bids and contracts include a certification  
22 by the bidder or contractor that the bidder or contractor is  
23 not barred from bidding for or entering into a contract under  
24 this Section and that the bidder or contractor acknowledges  
25 that the school board may declare the contract void if the  
26 certification completed pursuant to this subsection (b) is  
27 false.

28 (b-5) To require all contracts and agreements that pertain  
29 to goods and services and that are intended to generate  
30 additional revenue and other remunerations for the school  
31 district, including without limitation vending machine  
32 contracts, sports and other attire, class rings, and  
33 photographic services, to be approved by the school board.

34 (c) If the State education purchasing entity creates a  
35 master contract as defined in Article 28A of this Code, then  
36 the State education purchasing entity shall notify school

1 districts of the existence of the master contract.

2 (d) In purchasing supplies, materials, equipment, or  
3 services that are not subject to subsection (c) of this  
4 Section, before a school district solicits bids or awards a  
5 contract, the district may review and consider as a bid under  
6 subsection (a) of this Section certified education purchasing  
7 contracts that are already available through the State  
8 education purchasing entity.

9 (Source: P.A. 93-25, eff. 6-20-03; 93-1036, eff. 9-14-04.)

10 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

11 Sec. 17-1. Annual Budget. The board of education of each  
12 school district under 500,000 inhabitants shall, within or  
13 before the first quarter of each fiscal year, adopt an annual  
14 budget which it deems necessary to defray all necessary  
15 expenses and liabilities of the district, and in such annual  
16 budget shall specify the objects and purposes of each item and  
17 amount needed for each object or purpose.

18 The budget shall be entered upon a School District Budget  
19 form prepared and provided by the State Board of Education and  
20 therein shall contain (i) a statement of the cash on hand from  
21 taxes at the beginning of the fiscal year and a statement of  
22 the cash on hand from all other sources, including without  
23 limitation vending machines, at the beginning of the fiscal  
24 year; (ii), an estimate of the cash expected to be received  
25 from taxes during such fiscal year and an estimate of the cash  
26 expected to be received from all other sources, including  
27 without limitation vending machines, during such fiscal year;  
28 (iii) from all sources, an estimate of the expenditures from  
29 tax revenues contemplated for such fiscal year and an estimate  
30 of the expenditures from revenues from all other sources,  
31 including without limitation vending machines, contemplated  
32 for such fiscal year; (iv), and a statement of the estimated  
33 cash from taxes expected to be on hand at the end of such year  
34 and a statement of the estimated cash from all other sources,  
35 including without limitation vending machines, expected to be

1 on hand at the end of such year; and (v) a statement disclosing  
2 all school board-sanctioned contractual agreements and  
3 estimated revenue expected to be received as a result of these  
4 contracts. The estimate of taxes to be received may be based  
5 upon the amount of actual cash receipts that may reasonably be  
6 expected by the district during such fiscal year, estimated  
7 from the experience of the district in prior years and with due  
8 regard for other circumstances that may substantially affect  
9 such receipts. Nothing in this Section shall be construed as  
10 requiring any district to change or preventing any district  
11 from changing from a cash basis of financing to a surplus or  
12 deficit basis of financing; or as requiring any district to  
13 change or preventing any district from changing its system of  
14 accounting.

15 The board of education of each district shall fix a fiscal  
16 year therefor. If the beginning of the fiscal year of a  
17 district is subsequent to the time that the tax levy due to be  
18 made in such fiscal year shall be made, then such annual budget  
19 shall be adopted prior to the time such tax levy shall be made.  
20 The failure by a board of education of any district to adopt an  
21 annual budget, or to comply in any respect with the provisions  
22 of this Section, shall not affect the validity of any tax levy  
23 of the district otherwise in conformity with the law. With  
24 respect to taxes levied either before, on, or after the  
25 effective date of this amendatory Act of the 91st General  
26 Assembly, (i) a tax levy is made for the fiscal year in which  
27 the levy is due to be made regardless of which fiscal year the  
28 proceeds of the levy are expended or are intended to be  
29 expended, and (ii) except as otherwise provided by law, a board  
30 of education's adoption of an annual budget in conformity with  
31 this Section is not a prerequisite to the adoption of a valid  
32 tax levy and is not a limit on the amount of the levy.

33 Such budget shall be prepared in tentative form by some  
34 person or persons designated by the board, and in such  
35 tentative form shall be made conveniently available to public  
36 inspection for at least 30 days prior to final action thereon.

1 At least 1 public hearing shall be held as to such budget prior  
2 to final action thereon. Notice of availability for public  
3 inspection and of such public hearing shall be given by  
4 publication in a newspaper published in such district, at least  
5 30 days prior to the time of such hearing. If there is no  
6 newspaper published in such district, notice of such public  
7 hearing shall be given by posting notices thereof in 5 of the  
8 most public places in such district. It shall be the duty of  
9 the secretary of such board to make such tentative budget  
10 available to public inspection, and to arrange for such public  
11 hearing. The board may from time to time make transfers between  
12 the various items in any fund not exceeding in the aggregate  
13 10% of the total of such fund as set forth in the budget. The  
14 board may from time to time amend such budget by the same  
15 procedure as is herein provided for its original adoption.

16 Beginning July 1, 1976, the board of education, or regional  
17 superintendent, or governing board responsible for the  
18 administration of a joint agreement shall, by September 1 of  
19 each fiscal year thereafter, adopt an annual budget for the  
20 joint agreement in the same manner and subject to the same  
21 requirements as are provided in this Section.

22 The State Board of Education shall exercise powers and  
23 duties relating to budgets as provided in Section 2--3.27 of  
24 this Act.

25 By fiscal year 1982 all school districts shall use the  
26 Program Budget Accounting System.

27 In the case of a school district receiving emergency State  
28 financial assistance under Article 1B, the school board shall  
29 also be subject to the requirements established under Article  
30 1B with respect to the annual budget.

31 (Source: P.A. 91-75, eff. 7-9-99.)

32 Section 90. The State Mandates Act is amended by adding  
33 Section 8.29 as follows:

34 (30 ILCS 805/8.29 new)

1       Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
2       of this Act, no reimbursement by the State is required for the  
3       implementation of any mandate created by this amendatory Act of  
4       the 94th General Assembly.

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