

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 Sections
5 1A-8, 1B-5, 1B-8, 1F-20, 1F-62, 17-1, 19-1, 19-8, 20-2, 20-3,
6 and 20-5 as follows:

7 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

8 Sec. 1A-8. Powers of the Board in Assisting Districts
9 Deemed in Financial Difficulties. To promote the financial
10 integrity of school districts, the State Board of Education
11 shall be provided the necessary powers to promote sound
12 financial management and continue operation of the public
13 schools.

14 The State Superintendent of Education may require a school
15 district, including any district subject to Article 34A of this
16 Code, to share financial information relevant to a proper
17 investigation of the district's financial condition and the
18 delivery of appropriate State financial, technical, and
19 consulting services to the district if the district (i) has
20 been designated, through the State Board of Education's School
21 District Financial Profile System, as on financial warning or
22 financial watch status, (ii) has failed to file an annual
23 financial report, annual budget, deficit reduction plan, or
24 other financial information as required by law, or (iii) has
25 been identified, through the district's annual audit or other
26 financial and management information, as in serious financial
27 difficulty in the current or next school year. In addition to
28 financial, technical, and consulting services provided by the
29 State Board of Education, at the request of a school district,
30 the State Superintendent may provide for an independent
31 financial consultant to assist the district review its
32 financial condition and options.

1 The State Board of Education, after proper investigation of
2 a district's financial condition, may certify that a district,
3 including any district subject to Article 34A, is in financial
4 difficulty when any of the following conditions occur:

5 (1) The district has issued school or teacher orders
6 for wages as permitted in Sections 8-16, 32-7.2 and 34-76
7 of this Code, ~~or the district has issued funding bonds to~~
8 ~~retire teacher orders in 3 of the 5 last years;~~

9 (2) The district has issued tax anticipation warrants
10 or tax anticipation notes in anticipation of a second
11 year's taxes when warrants or notes in anticipation of
12 current year taxes are still outstanding, as authorized by
13 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has
14 issued short-term debt against 2 future revenue sources,
15 such as, but not limited to, tax anticipation warrants and
16 general State Aid certificates or tax anticipation
17 warrants and revenue anticipation notes;

18 (3) The district has for 2 consecutive years shown an
19 excess of expenditures and other financing uses over
20 revenues and other financing sources and beginning fund
21 balances on its annual financial report for the aggregate
22 totals of the Educational, Operations and Maintenance,
23 Transportation, and Working Cash Funds;

24 (4) The district refuses to provide financial
25 information or cooperate with the State Superintendent in
26 an investigation of the district's financial condition.
27 ~~The district had an enrollment of no fewer than 4,000~~
28 ~~pupils during the 1997-1998 school year, has been~~
29 ~~previously certified to be in financial difficulty and~~
30 ~~requests to be recertified as a result of continuing~~
31 ~~financial problems. No recertification may be made under~~
32 ~~this item (4) after December 31, 1999.~~

33 No school district shall be certified by the State Board of
34 Education to be in financial difficulty by reason of any of the
35 above circumstances arising as a result of the failure of the
36 county to make any distribution of property tax money due the

1 district at the time such distribution is due; or if the
2 district clearly demonstrates to the satisfaction of the State
3 Board of Education at the time of its determination that such
4 condition no longer exists. If the State Board of Education
5 certifies that a district in a city with 500,000 inhabitants or
6 more is in financial difficulty, the State Board shall so
7 notify the Governor and the Mayor of the city in which the
8 district is located. The State Board of Education may require
9 school districts certified in financial difficulty, except
10 those districts subject to Article 34A, to develop, adopt and
11 submit a financial plan within 45 days after certification of
12 financial difficulty. The financial plan shall be developed
13 according to guidelines presented to the district by the State
14 Board of Education within 14 days of certification. Such
15 guidelines shall address the specific nature of each district's
16 financial difficulties. Any proposed budget of the district
17 shall be consistent with the financial plan submitted to and
18 approved by the State Board of Education.

19 A district certified to be in financial difficulty, other
20 than a district subject to Article 34A, shall report to the
21 State Board of Education at such times and in such manner as
22 the State Board may direct, concerning the district's
23 compliance with each financial plan. The State Board may review
24 the district's operations, obtain budgetary data and financial
25 statements, require the district to produce reports, and have
26 access to any other information in the possession of the
27 district that it deems relevant. The State Board may issue
28 recommendations or directives within its powers to the district
29 to assist in ~~assure~~ compliance with the financial plan. The
30 district shall produce such budgetary data, financial
31 statements, reports and other information and comply with such
32 directives. If the State Board of Education determines that a
33 district has failed to comply with its financial plan, the
34 State Board of Education may rescind approval of the plan and
35 appoint a Financial Oversight Panel for the district as
36 provided in Section 1B-4. This action shall be taken only after

1 the district has been given notice and an opportunity to appear
2 before the State Board of Education to discuss its failure to
3 comply with its financial plan.

4 No bonds, notes, teachers orders, tax anticipation
5 warrants or other evidences of indebtedness shall be issued or
6 sold by a school district or be legally binding upon or
7 enforceable against a local board of education of a district
8 certified to be in financial difficulty unless and until the
9 financial plan required under this Section has been approved by
10 the State Board of Education.

11 Any financial watch list distributed by the State Board of
12 Education pursuant to this Section shall designate those school
13 districts on the watch list that would not otherwise be on the
14 watch list were it not for the inability or refusal of the
15 State of Illinois to make timely disbursements of any payments
16 due school districts or to fully reimburse school districts for
17 mandated categorical programs pursuant to reimbursement
18 formulas provided in this School Code.

19 (Source: P.A. 89-235, eff. 8-4-95; 90-802, eff. 12-15-98.)

20 (105 ILCS 5/1B-5) (from Ch. 122, par. 1B-5)

21 Sec. 1B-5. When a petition for emergency financial
22 assistance for a school district is allowed by the State Board
23 under Section 1B-4, the State Superintendent shall within 10
24 days thereafter appoint 3 members to serve at the State
25 Superintendent's pleasure on a Financial Oversight Panel for
26 the district. The State Superintendent shall designate one of
27 the members of the Panel to serve as its Chairman. In the event
28 of vacancy or resignation the State Superintendent shall
29 appoint a successor within 10 days of receiving notice thereof.

30 Members of the Panel shall be selected primarily on the
31 basis of their experience and education in financial
32 management, with consideration given to persons knowledgeable
33 in education finance. A member of the Panel may not be a board
34 member or employee of the district for which the Panel is
35 constituted, nor may a member have a direct financial interest

1 in that district.

2 Panel members shall be paid a stipend of not more than \$100
3 per meeting and shall ~~serve without compensation, but may~~ be
4 reimbursed for travel and other necessary expenses incurred in
5 the performance of their official duties by the State Board.
6 The amount of the stipend must be documented in the Financial
7 Oversight Panel's annual budget and must be approved by the
8 State Superintendent. The amount reimbursed Panel members for
9 their expenses shall be charged to the school district as part
10 of any emergency financial assistance and incorporated as a
11 part of the terms and conditions for repayment of such
12 assistance or shall be deducted from the district's general
13 State aid as provided in Section 1B-8.

14 The first meeting of the Panel shall be held at the call of
15 the Chairman. The Panel may elect such other officers as it
16 deems appropriate. The Panel shall prescribe the times and
17 places for its meetings and the manner in which regular and
18 special meetings may be called, and shall comply with the Open
19 Meetings Act.

20 Two members of the Panel shall constitute a quorum, and the
21 affirmative vote of 2 members shall be necessary for any
22 decision or action to be taken by the Panel.

23 The Panel and the State Superintendent shall cooperate with
24 each other in the exercise of their respective powers. The
25 Panel shall report not later than September 1 annually to the
26 State Board and the State Superintendent with respect to its
27 activities and the condition of the school district for the
28 previous fiscal year.

29 Any Financial Oversight Panel established under this
30 Article shall remain in existence for not less than 3 years nor
31 more than 10 years from the date the State Board grants the
32 petition under Section 1B-4. If after 3 years the school
33 district has repaid all of its obligations resulting from
34 emergency State financial assistance provided under this
35 Article and has improved its financial situation, the board of
36 education may, not more frequently than once in any 12 month

1 period, petition the State Board to dissolve the Financial
2 Oversight Panel, terminate the oversight responsibility, and
3 remove the district's certification under Section 1A-8 as a
4 district in financial difficulty. In acting on such a petition
5 the State Board shall give additional weight to the
6 recommendations of the State Superintendent and the Financial
7 Oversight Panel.

8 (Source: P.A. 88-618, eff. 9-9-94.)

9 (105 ILCS 5/1B-8) (from Ch. 122, par. 1B-8)

10 Sec. 1B-8. There is created in the State Treasury a special
11 fund to be known as the School District Emergency Financial
12 Assistance Fund (the "Fund"). The School District Emergency
13 Financial Assistance Fund shall consist of appropriations,
14 loan repayments, grants from the federal government, and
15 donations from any public or private source. Moneys in the Fund
16 may be appropriated only to the Illinois Finance Authority and
17 the State Board for those the purposes authorized under of this
18 Article and Article 1F of this Code and for the purposes of
19 Section 1F-62 of this Code. The appropriation may be allocated
20 and expended by the State Board as grants to provide technical
21 and consulting services to school districts to assess their
22 financial condition and by the Illinois Finance Authority as or
23 loans to school districts which are the subject of an approved
24 petition for emergency financial assistance under Section 1B-4
25 or 1F-62 of this Code. Neither the State Board of Education nor
26 the Illinois Finance Authority may collect any fees for
27 providing these services. From the amount allocated to each
28 such school district the State Board shall identify a sum
29 sufficient to cover all approved costs of the Financial
30 Oversight Panel established for the respective school
31 district. If the State Board and State Superintendent of
32 Education have not approved emergency financial assistance in
33 conjunction with the appointment of a Financial Oversight
34 Panel, the Panel's approved costs shall be paid from deductions
35 from the district's general State aid.

1 The Financial Oversight Panel may prepare and file with the
2 State Superintendent a proposal for emergency financial
3 assistance for the school district and for its ~~the~~ operations
4 budget ~~of the Panel~~. No expenditures shall be authorized by the
5 State Superintendent until he or she has approved the proposal
6 of the Panel, either as submitted or in such lesser amount
7 determined by the State Superintendent.

8 The maximum amount of an emergency financial assistance
9 loan which may be allocated to any school district under this
10 Article, including moneys necessary for the operations of the
11 Panel, shall not exceed \$4,000 ~~\$1000~~ times the number of pupils
12 enrolled in the school district during the school year ending
13 June 30 prior to the date of approval by the State Board of the
14 petition for emergency financial assistance, as certified to
15 the local board and the Panel by the State Superintendent. An
16 emergency financial assistance grant shall not exceed \$1,000
17 ~~\$250~~ times the number of such pupils. A district may receive
18 both a loan and a grant.

19 The payment of an emergency State financial assistance
20 grant or loan shall be subject to appropriation by the General
21 Assembly. Emergency State financial assistance allocated and
22 paid to a school district under this Article may be applied to
23 any fund or funds from which the local board of education of
24 that district is authorized to make expenditures by law.

25 Any emergency financial assistance proposed by the
26 Financial Oversight Panel and approved by the State
27 Superintendent may be paid in its entirety during the initial
28 year of the Panel's existence or spread in equal or declining
29 amounts over a period of years not to exceed the period of the
30 Panel's existence. All loan payments made from the School
31 District Emergency Financial Assistance Fund for a school
32 district shall be required to be repaid, with simple interest
33 over the term of the loan at a rate equal to 50% of the one-year
34 Constant Maturity Treasury (CMT) yield as last published by the
35 Board of Governors of the Federal Reserve System before the
36 date on which the district's loan is approved by the State

1 Board of Education, not later than the date the Financial
2 Oversight Panel ceases to exist. The Panel shall establish and
3 the Illinois Finance Authority ~~State Superintendent~~ shall
4 approve the terms and conditions, including the schedule, of
5 repayments. The schedule shall provide for repayments
6 commencing July 1 of each year or upon each fiscal year's
7 receipt of moneys from a tax levy for emergency financial
8 assistance. Repayment shall be incorporated into the annual
9 budget of the school district and may be made from any fund or
10 funds of the district in which there are moneys available.
11 Default on repayment is subject to the Illinois Grant Funds
12 Recovery Act. When moneys are repaid as provided herein they
13 shall not be made available to the local board for further use
14 as emergency financial assistance under this Article at any
15 time thereafter. All repayments required to be made by a school
16 district shall be received by the State Board and deposited in
17 the School District Emergency Financial Assistance Fund.

18 In establishing the terms and conditions for the repayment
19 obligation of the school district the Panel shall annually
20 determine whether a separate local property tax levy is
21 required. The board of any school district with a tax rate for
22 educational purposes for the prior year of less than 120% of
23 the maximum rate for educational purposes authorized by Section
24 17-2 shall provide for a separate tax levy for emergency
25 financial assistance repayment purposes. Such tax levy shall
26 not be subject to referendum approval. The amount of the levy
27 shall be equal to the amount necessary to meet the annual
28 repayment obligations of the district as established by the
29 Panel, or 20% of the amount levied for educational purposes for
30 the prior year, whichever is less. However, no district shall
31 be required to levy the tax if the district's operating tax
32 rate as determined under Section 18-8 or 18-8.05 exceeds 200%
33 of the district's tax rate for educational purposes for the
34 prior year.

35 (Source: P.A. 92-855, eff. 12-6-02.)

1 (105 ILCS 5/1F-20)

2 Sec. 1F-20. Members of Authority; meetings.

3 (a) Upon establishment of a School Finance Authority under
4 Section 1F-15 of this Code, the State Superintendent shall
5 within 15 days thereafter appoint 5 members to serve on a
6 School Finance Authority for the district. Of the initial
7 members, 2 shall be appointed to serve a term of 2 years and 3
8 shall be appointed to serve a term of 3 years. Thereafter, each
9 member shall serve for a term of 3 years and until his or her
10 successor has been appointed. The State Superintendent shall
11 designate one of the members of the Authority to serve as its
12 Chairperson. In the event of vacancy or resignation, the State
13 Superintendent shall, within 10 days after receiving notice,
14 appoint a successor to serve out that member's term. The State
15 Superintendent may remove a member for incompetence,
16 malfeasance, neglect of duty, or other just cause.

17 Members of the Authority shall be selected primarily on the
18 basis of their experience and education in financial
19 management, with consideration given to persons knowledgeable
20 in education finance. Two members of the Authority shall be
21 residents of the school district that the Authority serves. A
22 member of the Authority may not be a member of the district's
23 school board or an employee of the district nor may a member
24 have a direct financial interest in the district.

25 Authority members shall be paid a stipend approved by the
26 State Superintendent of not more than \$100 per meeting and
27 ~~serve without compensation, but~~ may be reimbursed by the State
28 Board for travel and other necessary expenses incurred in the
29 performance of their official duties. Unless paid from bonds
30 issued under Section 1F-65 of this Code, the amount reimbursed
31 members for their expenses shall be charged to the school
32 district as part of any emergency financial assistance and
33 incorporated as a part of the terms and conditions for
34 repayment of the assistance or shall be deducted from the
35 district's general State aid as provided in Section 1B-8 of
36 this Code.

1 The Authority may elect such officers as it deems
2 appropriate.

3 (b) The first meeting of the Authority shall be held at the
4 call of the Chairperson. The Authority shall prescribe the
5 times and places for its meetings and the manner in which
6 regular and special meetings may be called and shall comply
7 with the Open Meetings Act.

8 Three members of the Authority shall constitute a quorum.
9 When a vote is taken upon any measure before the Authority, a
10 quorum being present, a majority of the votes of the members
11 voting on the measure shall determine the outcome.

12 (Source: P.A. 92-855, eff. 12-6-02.)

13 (105 ILCS 5/1F-62)

14 Sec. 1F-62. School District Emergency Financial Assistance
15 Fund; grants and loans.

16 (a) Moneys in the School District Emergency Financial
17 Assistance Fund established under Section 1B-8 of this Code may
18 be allocated and expended by the State Board as grants to
19 provide technical and consulting services to school districts
20 to assess their financial condition and by the Illinois Finance
21 Authority for emergency financial assistance loans to a School
22 Finance an Authority that petitions for emergency financial
23 assistance. An emergency financial assistance loan to a School
24 Finance an Authority or borrowing from sources other than the
25 State shall not be considered as part of the calculation of a
26 district's debt for purposes of the limitation specified in
27 Section 19-1 of this Code. From the amount allocated to each
28 School Finance Authority, the State Board shall identify a sum
29 sufficient to cover all approved costs of the School Finance
30 Authority. If the State Board and State Superintendent have not
31 approved emergency financial assistance in conjunction with
32 the appointment of a School Finance Authority, the Authority's
33 approved costs shall be paid from deductions from the
34 district's general State aid.

35 The School Finance Authority may prepare and file with the

1 State Superintendent a proposal for emergency financial
2 assistance for the school district and for its operations
3 budget. No expenditures shall be authorized by the State
4 Superintendent until he or she has approved the proposal of the
5 School Finance Authority, either as submitted or in such lesser
6 amount determined by the State Superintendent.

7 (b) The amount of an emergency financial assistance loan
8 that may be allocated to a School Finance ~~an~~ Authority under
9 this Article, including moneys necessary for the operations of
10 the School Finance Authority, and borrowing from sources other
11 than the State shall not exceed, in the aggregate, \$4,000 times
12 the number of pupils enrolled in the district during the school
13 year ending June 30 prior to the date of approval by the State
14 Board of the petition for emergency financial assistance, as
15 certified to the school board and the School Finance Authority
16 by the State Superintendent. However, this limitation does not
17 apply to borrowing by the district secured by amounts levied by
18 the district prior to establishment of the School Finance
19 Authority. An emergency financial assistance grant shall not
20 exceed \$1,000 times the number of such pupils. A district may
21 receive both a loan and a grant.

22 (c) The payment of a State emergency financial assistance
23 grant or loan shall be subject to appropriation by the General
24 Assembly. State emergency financial assistance allocated and
25 paid to a School Finance ~~an~~ Authority under this Article may be
26 applied to any fund or funds from which the School Finance
27 Authority is authorized to make expenditures by law.

28 (d) Any State emergency financial assistance proposed by
29 the School Finance Authority and approved by the State
30 Superintendent may be paid in its entirety during the initial
31 year of the School Finance Authority's existence or spread in
32 equal or declining amounts over a period of years not to exceed
33 the period of the School Finance Authority's existence. The
34 State Superintendent shall not approve any loan to the School
35 Finance Authority unless the School Finance Authority has been
36 unable to borrow sufficient funds to operate the district.

1 All loan payments made from the School District Emergency
2 Financial Assistance Fund to a School Finance ~~an~~ Authority
3 shall be required to be repaid not later than the date the
4 School Finance Authority ceases to exist, with simple interest
5 over the term of the loan at a rate equal to 50% of the one-year
6 Constant Maturity Treasury (CMT) yield as last published by the
7 Board of Governors of the Federal Reserve System before the
8 date on which the School Finance Authority's loan is approved
9 by the State Board.

10 The School Finance Authority shall establish and the
11 Illinois Finance Authority ~~State Superintendent~~ shall approve
12 the terms and conditions of the loan, including the schedule of
13 repayments. The schedule shall provide for repayments
14 commencing July 1 of each year or upon each fiscal year's
15 receipt of moneys from a tax levy for emergency financial
16 assistance. Repayment shall be incorporated into the annual
17 budget of the district and may be made from any fund or funds
18 of the district in which there are moneys available. Default on
19 repayment is subject to the Illinois Grant Funds Recovery Act.
20 When moneys are repaid as provided in this Section, they shall
21 not be made available to the School Finance Authority for
22 further use as emergency financial assistance under this
23 Article at any time thereafter. All repayments required to be
24 made by a School Finance ~~an~~ Authority shall be received by the
25 State Board and deposited in the School District Emergency
26 Financial Assistance Fund.

27 In establishing the terms and conditions for the repayment
28 obligation of the School Finance Authority, the School Finance
29 Authority shall annually determine whether a separate local
30 property tax levy is required to meet that obligation. The
31 School Finance Authority shall provide for a separate tax levy
32 for emergency financial assistance repayment purposes. This
33 tax levy shall not be subject to referendum approval. The
34 amount of the levy shall not exceed the amount necessary to
35 meet the annual emergency financial repayment obligations of
36 the district, including principal and interest, as established

1 by the School Finance Authority.

2 (Source: P.A. 92-855, eff. 12-6-02.)

3 (105 ILCS 5/17-1) (from Ch. 122, par. 17-1)

4 Sec. 17-1. Annual Budget. The board of education of each
5 school district under 500,000 inhabitants shall, within or
6 before the first quarter of each fiscal year, adopt and file
7 with the State Board of Education an annual balanced budget
8 which it deems necessary to defray all necessary expenses and
9 liabilities of the district, and in such annual budget shall
10 specify the objects and purposes of each item and amount needed
11 for each object or purpose.

12 The budget shall be entered upon a School District Budget
13 form prepared and provided by the State Board of Education and
14 therein shall contain a statement of the cash on hand at the
15 beginning of the fiscal year, an estimate of the cash expected
16 to be received during such fiscal year from all sources, an
17 estimate of the expenditures contemplated for such fiscal year,
18 and a statement of the estimated cash expected to be on hand at
19 the end of such year. The estimate of taxes to be received may
20 be based upon the amount of actual cash receipts that may
21 reasonably be expected by the district during such fiscal year,
22 estimated from the experience of the district in prior years
23 and with due regard for other circumstances that may
24 substantially affect such receipts. Nothing in this Section
25 shall be construed as requiring any district to change or
26 preventing any district from changing from a cash basis of
27 financing to a surplus or deficit basis of financing; or as
28 requiring any district to change or preventing any district
29 from changing its system of accounting.

30 To the extent that a school district's budget is not
31 balanced, the district shall also adopt and file with the State
32 Board of Education a deficit reduction plan to balance the
33 district's budget within 3 years. The deficit reduction plan
34 must be filed at the same time as the budget, but the State
35 Superintendent of Education may extend this deadline if the

1 situation warrants.

2 The board of education of each district shall fix a fiscal
3 year therefor. If the beginning of the fiscal year of a
4 district is subsequent to the time that the tax levy due to be
5 made in such fiscal year shall be made, then such annual budget
6 shall be adopted prior to the time such tax levy shall be made.
7 The failure by a board of education of any district to adopt an
8 annual budget, or to comply in any respect with the provisions
9 of this Section, shall not affect the validity of any tax levy
10 of the district otherwise in conformity with the law. With
11 respect to taxes levied either before, on, or after the
12 effective date of this amendatory Act of the 91st General
13 Assembly, (i) a tax levy is made for the fiscal year in which
14 the levy is due to be made regardless of which fiscal year the
15 proceeds of the levy are expended or are intended to be
16 expended, and (ii) except as otherwise provided by law, a board
17 of education's adoption of an annual budget in conformity with
18 this Section is not a prerequisite to the adoption of a valid
19 tax levy and is not a limit on the amount of the levy.

20 Such budget shall be prepared in tentative form by some
21 person or persons designated by the board, and in such
22 tentative form shall be made conveniently available to public
23 inspection for at least 30 days prior to final action thereon.
24 At least 1 public hearing shall be held as to such budget prior
25 to final action thereon. Notice of availability for public
26 inspection and of such public hearing shall be given by
27 publication in a newspaper published in such district, at least
28 30 days prior to the time of such hearing. If there is no
29 newspaper published in such district, notice of such public
30 hearing shall be given by posting notices thereof in 5 of the
31 most public places in such district. It shall be the duty of
32 the secretary of such board to make such tentative budget
33 available to public inspection, and to arrange for such public
34 hearing. The board may from time to time make transfers between
35 the various items in any fund not exceeding in the aggregate
36 10% of the total of such fund as set forth in the budget. The

1 board may from time to time amend such budget by the same
2 procedure as is herein provided for its original adoption.

3 Beginning July 1, 1976, the board of education, or regional
4 superintendent, or governing board responsible for the
5 administration of a joint agreement shall, by September 1 of
6 each fiscal year thereafter, adopt an annual budget for the
7 joint agreement in the same manner and subject to the same
8 requirements as are provided in this Section.

9 The State Board of Education shall exercise powers and
10 duties relating to budgets as provided in Section 2-3.27
11 ~~2-3.27~~ of this Code and shall require school districts to
12 submit their annual budgets, deficit reduction plans, and other
13 financial information, including revenue and expenditure
14 reports and borrowing and interfund transfer plans, in such
15 form and within the timelines designated by the State Board of
16 Education Act.

17 By fiscal year 1982 all school districts shall use the
18 Program Budget Accounting System.

19 In the case of a school district receiving emergency State
20 financial assistance under Article 1B, the school board shall
21 also be subject to the requirements established under Article
22 1B with respect to the annual budget.

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

24 (105 ILCS 5/19-1) (from Ch. 122, par. 19-1)

25 Sec. 19-1. Debt limitations of school districts.

26 (a) School districts shall not be subject to the provisions
27 limiting their indebtedness prescribed in "An Act to limit the
28 indebtedness of counties having a population of less than
29 500,000 and townships, school districts and other municipal
30 corporations having a population of less than 300,000",
31 approved February 15, 1928, as amended.

32 No school districts maintaining grades K through 8 or 9
33 through 12 shall become indebted in any manner or for any
34 purpose to an amount, including existing indebtedness, in the
35 aggregate exceeding 6.9% on the value of the taxable property

1 therein to be ascertained by the last assessment for State and
2 county taxes or, until January 1, 1983, if greater, the sum
3 that is produced by multiplying the school district's 1978
4 equalized assessed valuation by the debt limitation percentage
5 in effect on January 1, 1979, previous to the incurring of such
6 indebtedness.

7 No school districts maintaining grades K through 12 shall
8 become indebted in any manner or for any purpose to an amount,
9 including existing indebtedness, in the aggregate exceeding
10 13.8% on the value of the taxable property therein to be
11 ascertained by the last assessment for State and county taxes
12 or, until January 1, 1983, if greater, the sum that is produced
13 by multiplying the school district's 1978 equalized assessed
14 valuation by the debt limitation percentage in effect on
15 January 1, 1979, previous to the incurring of such
16 indebtedness.

17 Notwithstanding the provisions of any other law to the
18 contrary, in any case in which the voters of a school district
19 have approved a proposition for the issuance of bonds of such
20 school district at an election held prior to January 1, 1979,
21 and all of the bonds approved at such election have not been
22 issued, the debt limitation applicable to such school district
23 during the calendar year 1979 shall be computed by multiplying
24 the value of taxable property therein, including personal
25 property, as ascertained by the last assessment for State and
26 county taxes, previous to the incurring of such indebtedness,
27 by the percentage limitation applicable to such school district
28 under the provisions of this subsection (a).

29 (b) Notwithstanding the debt limitation prescribed in
30 subsection (a) of this Section, additional indebtedness may be
31 incurred in an amount not to exceed the estimated cost of
32 acquiring or improving school sites or constructing and
33 equipping additional building facilities under the following
34 conditions:

35 (1) Whenever the enrollment of students for the next
36 school year is estimated by the board of education to

1 increase over the actual present enrollment by not less
2 than 35% or by not less than 200 students or the actual
3 present enrollment of students has increased over the
4 previous school year by not less than 35% or by not less
5 than 200 students and the board of education determines
6 that additional school sites or building facilities are
7 required as a result of such increase in enrollment; and

8 (2) When the Regional Superintendent of Schools having
9 jurisdiction over the school district and the State
10 Superintendent of Education concur in such enrollment
11 projection or increase and approve the need for such
12 additional school sites or building facilities and the
13 estimated cost thereof; and

14 (3) When the voters in the school district approve a
15 proposition for the issuance of bonds for the purpose of
16 acquiring or improving such needed school sites or
17 constructing and equipping such needed additional building
18 facilities at an election called and held for that purpose.
19 Notice of such an election shall state that the amount of
20 indebtedness proposed to be incurred would exceed the debt
21 limitation otherwise applicable to the school district.
22 The ballot for such proposition shall state what percentage
23 of the equalized assessed valuation will be outstanding in
24 bonds if the proposed issuance of bonds is approved by the
25 voters; or

26 (4) Notwithstanding the provisions of paragraphs (1)
27 through (3) of this subsection (b), if the school board
28 determines that additional facilities are needed to
29 provide a quality educational program and not less than 2/3
30 of those voting in an election called by the school board
31 on the question approve the issuance of bonds for the
32 construction of such facilities, the school district may
33 issue bonds for this purpose; or

34 (5) Notwithstanding the provisions of paragraphs (1)
35 through (3) of this subsection (b), if (i) the school
36 district has previously availed itself of the provisions of

1 paragraph (4) of this subsection (b) to enable it to issue
2 bonds, (ii) the voters of the school district have not
3 defeated a proposition for the issuance of bonds since the
4 referendum described in paragraph (4) of this subsection
5 (b) was held, (iii) the school board determines that
6 additional facilities are needed to provide a quality
7 educational program, and (iv) a majority of those voting in
8 an election called by the school board on the question
9 approve the issuance of bonds for the construction of such
10 facilities, the school district may issue bonds for this
11 purpose.

12 In no event shall the indebtedness incurred pursuant to
13 this subsection (b) and the existing indebtedness of the school
14 district exceed 15% of the value of the taxable property
15 therein to be ascertained by the last assessment for State and
16 county taxes, previous to the incurring of such indebtedness
17 or, until January 1, 1983, if greater, the sum that is produced
18 by multiplying the school district's 1978 equalized assessed
19 valuation by the debt limitation percentage in effect on
20 January 1, 1979.

21 The indebtedness provided for by this subsection (b) shall
22 be in addition to and in excess of any other debt limitation.

23 (c) Notwithstanding the debt limitation prescribed in
24 subsection (a) of this Section, in any case in which a public
25 question for the issuance of bonds of a proposed school
26 district maintaining grades kindergarten through 12 received
27 at least 60% of the valid ballots cast on the question at an
28 election held on or prior to November 8, 1994, and in which the
29 bonds approved at such election have not been issued, the
30 school district pursuant to the requirements of Section 11A-10
31 may issue the total amount of bonds approved at such election
32 for the purpose stated in the question.

33 (d) Notwithstanding the debt limitation prescribed in
34 subsection (a) of this Section, a school district that meets
35 all the criteria set forth in paragraphs (1) and (2) of this
36 subsection (d) may incur an additional indebtedness in an

1 amount not to exceed \$4,500,000, even though the amount of the
2 additional indebtedness authorized by this subsection (d),
3 when incurred and added to the aggregate amount of indebtedness
4 of the district existing immediately prior to the district
5 incurring the additional indebtedness authorized by this
6 subsection (d), causes the aggregate indebtedness of the
7 district to exceed the debt limitation otherwise applicable to
8 that district under subsection (a):

9 (1) The additional indebtedness authorized by this
10 subsection (d) is incurred by the school district through
11 the issuance of bonds under and in accordance with Section
12 17-2.11a for the purpose of replacing a school building
13 which, because of mine subsidence damage, has been closed
14 as provided in paragraph (2) of this subsection (d) or
15 through the issuance of bonds under and in accordance with
16 Section 19-3 for the purpose of increasing the size of, or
17 providing for additional functions in, such replacement
18 school buildings, or both such purposes.

19 (2) The bonds issued by the school district as provided
20 in paragraph (1) above are issued for the purposes of
21 construction by the school district of a new school
22 building pursuant to Section 17-2.11, to replace an
23 existing school building that, because of mine subsidence
24 damage, is closed as of the end of the 1992-93 school year
25 pursuant to action of the regional superintendent of
26 schools of the educational service region in which the
27 district is located under Section 3-14.22 or are issued for
28 the purpose of increasing the size of, or providing for
29 additional functions in, the new school building being
30 constructed to replace a school building closed as the
31 result of mine subsidence damage, or both such purposes.

32 (e) (Blank). ~~Notwithstanding the debt limitation~~
33 ~~prescribed in subsection (a) of this Section, a school district~~
34 ~~that meets all the criteria set forth in paragraphs (1) through~~
35 ~~(5) of this subsection (c) may, without referendum, incur an~~
36 ~~additional indebtedness in an amount not to exceed the lesser~~

1 ~~of \$5,000,000 or 1.5% of the value of the taxable property~~
2 ~~within the district even though the amount of the additional~~
3 ~~indebtedness authorized by this subsection (c), when incurred~~
4 ~~and added to the aggregate amount of indebtedness of the~~
5 ~~district existing immediately prior to the district incurring~~
6 ~~that additional indebtedness, causes the aggregate~~
7 ~~indebtedness of the district to exceed or increases the amount~~
8 ~~by which the aggregate indebtedness of the district already~~
9 ~~exceeds the debt limitation otherwise applicable to that~~
10 ~~district under subsection (a):~~

11 ~~(1) The State Board of Education certifies the school~~
12 ~~district under Section 19-1.5 as a financially distressed~~
13 ~~district.~~

14 ~~(2) The additional indebtedness authorized by this~~
15 ~~subsection (c) is incurred by the financially distressed~~
16 ~~district during the school year or school years in which~~
17 ~~the certification of the district as a financially~~
18 ~~distressed district continues in effect through the~~
19 ~~issuance of bonds for the lawful school purposes of the~~
20 ~~district, pursuant to resolution of the school board and~~
21 ~~without referendum, as provided in paragraph (5) of this~~
22 ~~subsection.~~

23 ~~(3) The aggregate amount of bonds issued by the~~
24 ~~financially distressed district during a fiscal year in~~
25 ~~which it is authorized to issue bonds under this subsection~~
26 ~~does not exceed the amount by which the aggregate~~
27 ~~expenditures of the district for operational purposes~~
28 ~~during the immediately preceding fiscal year exceeds the~~
29 ~~amount appropriated for the operational purposes of the~~
30 ~~district in the annual school budget adopted by the school~~
31 ~~board of the district for the fiscal year in which the~~
32 ~~bonds are issued.~~

33 ~~(4) Throughout each fiscal year in which certification~~
34 ~~of the district as a financially distressed district~~
35 ~~continues in effect, the district maintains in effect a~~
36 ~~gross salary expense and gross wage expense freeze policy~~

1 ~~under which the district expenditures for total employee~~
2 ~~salaries and wages do not exceed such expenditures for the~~
3 ~~immediately preceding fiscal year. Nothing in this~~
4 ~~paragraph, however, shall be deemed to impair or to require~~
5 ~~impairment of the contractual obligations, including~~
6 ~~collective bargaining agreements, of the district or to~~
7 ~~impair or require the impairment of the vested rights of~~
8 ~~any employee of the district under the terms of any~~
9 ~~contract or agreement in effect on the effective date of~~
10 ~~this amendatory Act of 1994.~~

11 ~~(5) Bonds issued by the financially distressed~~
12 ~~district under this subsection shall bear interest at a~~
13 ~~rate not to exceed the maximum rate authorized by law at~~
14 ~~the time of the making of the contract, shall mature within~~
15 ~~40 years from their date of issue, and shall be signed by~~
16 ~~the president of the school board and treasurer of the~~
17 ~~school district. In order to issue bonds under this~~
18 ~~subsection, the school board shall adopt a resolution~~
19 ~~fixing the amount of the bonds, the date of the bonds, the~~
20 ~~maturities of the bonds, the rates of interest of the~~
21 ~~bonds, and their place of payment and denomination, and~~
22 ~~shall provide for the levy and collection of a direct~~
23 ~~annual tax upon all the taxable property in the district~~
24 ~~sufficient to pay the principal and interest on the bonds~~
25 ~~to maturity. Upon the filing in the office of the county~~
26 ~~clerk of the county in which the financially distressed~~
27 ~~district is located of a certified copy of the resolution,~~
28 ~~it is the duty of the county clerk to extend the tax~~
29 ~~therefor in addition to and in excess of all other taxes at~~
30 ~~any time authorized to be levied by the district. If bond~~
31 ~~proceeds from the sale of bonds include a premium or if the~~
32 ~~proceeds of the bonds are invested as authorized by law,~~
33 ~~the school board shall determine by resolution whether the~~
34 ~~interest earned on the investment of bond proceeds or the~~
35 ~~premium realized on the sale of the bonds is to be used for~~
36 ~~any of the lawful school purposes for which the bonds were~~

~~issued or for the payment of the principal indebtedness and interest on the bonds. The proceeds of the bond sale shall be deposited in the educational purposes fund of the district and shall be used to pay operational expenses of the district. This subsection is cumulative and constitutes complete authority for the issuance of bonds as provided in this subsection, notwithstanding any other law to the contrary.~~

(f) Notwithstanding the provisions of subsection (a) of this Section or of any other law, bonds in not to exceed the aggregate amount of \$5,500,000 and issued by a school district meeting the following criteria shall not be considered indebtedness for purposes of any statutory limitation and may be issued in an amount or amounts, including existing indebtedness, in excess of any heretofore or hereafter imposed statutory limitation as to indebtedness:

(1) At the time of the sale of such bonds, the board of education of the district shall have determined by resolution that the enrollment of students in the district is projected to increase by not less than 7% during each of the next succeeding 2 school years.

(2) The board of education shall also determine by resolution that the improvements to be financed with the proceeds of the bonds are needed because of the projected enrollment increases.

(3) The board of education shall also determine by resolution that the projected increases in enrollment are the result of improvements made or expected to be made to passenger rail facilities located in the school district.

Notwithstanding the provisions of subsection (a) of this Section or of any other law, a school district that has availed itself of the provisions of this subsection (f) prior to July 22, 2004 (the effective date of Public Act 93-799) ~~this amendatory Act of the 93rd General Assembly~~ may also issue bonds approved by referendum up to an amount, including existing indebtedness, not exceeding 25% of the equalized

1 assessed value of the taxable property in the district if all
2 of the conditions set forth in items (1), (2), and (3) of this
3 subsection (f) are met.

4 (g) Notwithstanding the provisions of subsection (a) of
5 this Section or any other law, bonds in not to exceed an
6 aggregate amount of 25% of the equalized assessed value of the
7 taxable property of a school district and issued by a school
8 district meeting the criteria in paragraphs (i) through (iv) of
9 this subsection shall not be considered indebtedness for
10 purposes of any statutory limitation and may be issued pursuant
11 to resolution of the school board in an amount or amounts,
12 including existing indebtedness, in excess of any statutory
13 limitation of indebtedness heretofore or hereafter imposed:

14 (i) The bonds are issued for the purpose of
15 constructing a new high school building to replace two
16 adjacent existing buildings which together house a single
17 high school, each of which is more than 65 years old, and
18 which together are located on more than 10 acres and less
19 than 11 acres of property.

20 (ii) At the time the resolution authorizing the
21 issuance of the bonds is adopted, the cost of constructing
22 a new school building to replace the existing school
23 building is less than 60% of the cost of repairing the
24 existing school building.

25 (iii) The sale of the bonds occurs before July 1, 1997.

26 (iv) The school district issuing the bonds is a unit
27 school district located in a county of less than 70,000 and
28 more than 50,000 inhabitants, which has an average daily
29 attendance of less than 1,500 and an equalized assessed
30 valuation of less than \$29,000,000.

31 (h) Notwithstanding any other provisions of this Section or
32 the provisions of any other law, until January 1, 1998, a
33 community unit school district maintaining grades K through 12
34 may issue bonds up to an amount, including existing
35 indebtedness, not exceeding 27.6% of the equalized assessed
36 value of the taxable property in the district, if all of the

1 following conditions are met:

2 (i) The school district has an equalized assessed
3 valuation for calendar year 1995 of less than \$24,000,000;

4 (ii) The bonds are issued for the capital improvement,
5 renovation, rehabilitation, or replacement of existing
6 school buildings of the district, all of which buildings
7 were originally constructed not less than 40 years ago;

8 (iii) The voters of the district approve a proposition
9 for the issuance of the bonds at a referendum held after
10 March 19, 1996; and

11 (iv) The bonds are issued pursuant to Sections 19-2
12 through 19-7 of this Code.

13 (i) Notwithstanding any other provisions of this Section or
14 the provisions of any other law, until January 1, 1998, a
15 community unit school district maintaining grades K through 12
16 may issue bonds up to an amount, including existing
17 indebtedness, not exceeding 27% of the equalized assessed value
18 of the taxable property in the district, if all of the
19 following conditions are met:

20 (i) The school district has an equalized assessed
21 valuation for calendar year 1995 of less than \$44,600,000;

22 (ii) The bonds are issued for the capital improvement,
23 renovation, rehabilitation, or replacement of existing
24 school buildings of the district, all of which existing
25 buildings were originally constructed not less than 80
26 years ago;

27 (iii) The voters of the district approve a proposition
28 for the issuance of the bonds at a referendum held after
29 December 31, 1996; and

30 (iv) The bonds are issued pursuant to Sections 19-2
31 through 19-7 of this Code.

32 (j) Notwithstanding any other provisions of this Section or
33 the provisions of any other law, until January 1, 1999, a
34 community unit school district maintaining grades K through 12
35 may issue bonds up to an amount, including existing
36 indebtedness, not exceeding 27% of the equalized assessed value

1 of the taxable property in the district if all of the following
2 conditions are met:

3 (i) The school district has an equalized assessed
4 valuation for calendar year 1995 of less than \$140,000,000
5 and a best 3 months average daily attendance for the
6 1995-96 school year of at least 2,800;

7 (ii) The bonds are issued to purchase a site and build
8 and equip a new high school, and the school district's
9 existing high school was originally constructed not less
10 than 35 years prior to the sale of the bonds;

11 (iii) At the time of the sale of the bonds, the board
12 of education determines by resolution that a new high
13 school is needed because of projected enrollment
14 increases;

15 (iv) At least 60% of those voting in an election held
16 after December 31, 1996 approve a proposition for the
17 issuance of the bonds; and

18 (v) The bonds are issued pursuant to Sections 19-2
19 through 19-7 of this Code.

20 (k) Notwithstanding the debt limitation prescribed in
21 subsection (a) of this Section, a school district that meets
22 all the criteria set forth in paragraphs (1) through (4) of
23 this subsection (k) may issue bonds to incur an additional
24 indebtedness in an amount not to exceed \$4,000,000 even though
25 the amount of the additional indebtedness authorized by this
26 subsection (k), when incurred and added to the aggregate amount
27 of indebtedness of the school district existing immediately
28 prior to the school district incurring such additional
29 indebtedness, causes the aggregate indebtedness of the school
30 district to exceed or increases the amount by which the
31 aggregate indebtedness of the district already exceeds the debt
32 limitation otherwise applicable to that school district under
33 subsection (a):

34 (1) the school district is located in 2 counties, and a
35 referendum to authorize the additional indebtedness was
36 approved by a majority of the voters of the school district

1 voting on the proposition to authorize that indebtedness;

2 (2) the additional indebtedness is for the purpose of
3 financing a multi-purpose room addition to the existing
4 high school;

5 (3) the additional indebtedness, together with the
6 existing indebtedness of the school district, shall not
7 exceed 17.4% of the value of the taxable property in the
8 school district, to be ascertained by the last assessment
9 for State and county taxes; and

10 (4) the bonds evidencing the additional indebtedness
11 are issued, if at all, within 120 days of the effective
12 date of this amendatory Act of 1998.

13 (1) Notwithstanding any other provisions of this Section or
14 the provisions of any other law, until January 1, 2000, a
15 school district maintaining grades kindergarten through 8 may
16 issue bonds up to an amount, including existing indebtedness,
17 not exceeding 15% of the equalized assessed value of the
18 taxable property in the district if all of the following
19 conditions are met:

20 (i) the district has an equalized assessed valuation
21 for calendar year 1996 of less than \$10,000,000;

22 (ii) the bonds are issued for capital improvement,
23 renovation, rehabilitation, or replacement of one or more
24 school buildings of the district, which buildings were
25 originally constructed not less than 70 years ago;

26 (iii) the voters of the district approve a proposition
27 for the issuance of the bonds at a referendum held on or
28 after March 17, 1998; and

29 (iv) the bonds are issued pursuant to Sections 19-2
30 through 19-7 of this Code.

31 (m) Notwithstanding any other provisions of this Section or
32 the provisions of any other law, until January 1, 1999, an
33 elementary school district maintaining grades K through 8 may
34 issue bonds up to an amount, excluding existing indebtedness,
35 not exceeding 18% of the equalized assessed value of the
36 taxable property in the district, if all of the following

1 conditions are met:

2 (i) The school district has an equalized assessed
3 valuation for calendar year 1995 or less than \$7,700,000;

4 (ii) The school district operates 2 elementary
5 attendance centers that until 1976 were operated as the
6 attendance centers of 2 separate and distinct school
7 districts;

8 (iii) The bonds are issued for the construction of a
9 new elementary school building to replace an existing
10 multi-level elementary school building of the school
11 district that is not handicapped accessible at all levels
12 and parts of which were constructed more than 75 years ago;

13 (iv) The voters of the school district approve a
14 proposition for the issuance of the bonds at a referendum
15 held after July 1, 1998; and

16 (v) The bonds are issued pursuant to Sections 19-2
17 through 19-7 of this Code.

18 (n) Notwithstanding the debt limitation prescribed in
19 subsection (a) of this Section or any other provisions of this
20 Section or of any other law, a school district that meets all
21 of the criteria set forth in paragraphs (i) through (vi) of
22 this subsection (n) may incur additional indebtedness by the
23 issuance of bonds in an amount not exceeding the amount
24 certified by the Capital Development Board to the school
25 district as provided in paragraph (iii) of this subsection (n),
26 even though the amount of the additional indebtedness so
27 authorized, when incurred and added to the aggregate amount of
28 indebtedness of the district existing immediately prior to the
29 district incurring the additional indebtedness authorized by
30 this subsection (n), causes the aggregate indebtedness of the
31 district to exceed the debt limitation otherwise applicable by
32 law to that district:

33 (i) The school district applies to the State Board of
34 Education for a school construction project grant and
35 submits a district facilities plan in support of its
36 application pursuant to Section 5-20 of the School

1 Construction Law.

2 (ii) The school district's application and facilities
3 plan are approved by, and the district receives a grant
4 entitlement for a school construction project issued by,
5 the State Board of Education under the School Construction
6 Law.

7 (iii) The school district has exhausted its bonding
8 capacity or the unused bonding capacity of the district is
9 less than the amount certified by the Capital Development
10 Board to the district under Section 5-15 of the School
11 Construction Law as the dollar amount of the school
12 construction project's cost that the district will be
13 required to finance with non-grant funds in order to
14 receive a school construction project grant under the
15 School Construction Law.

16 (iv) The bonds are issued for a "school construction
17 project", as that term is defined in Section 5-5 of the
18 School Construction Law, in an amount that does not exceed
19 the dollar amount certified, as provided in paragraph (iii)
20 of this subsection (n), by the Capital Development Board to
21 the school district under Section 5-15 of the School
22 Construction Law.

23 (v) The voters of the district approve a proposition
24 for the issuance of the bonds at a referendum held after
25 the criteria specified in paragraphs (i) and (iii) of this
26 subsection (n) are met.

27 (vi) The bonds are issued pursuant to Sections 19-2
28 through 19-7 of the School Code.

29 (o) Notwithstanding any other provisions of this Section or
30 the provisions of any other law, until November 1, 2007, a
31 community unit school district maintaining grades K through 12
32 may issue bonds up to an amount, including existing
33 indebtedness, not exceeding 20% of the equalized assessed value
34 of the taxable property in the district if all of the following
35 conditions are met:

36 (i) the school district has an equalized assessed

1 valuation for calendar year 2001 of at least \$737,000,000
2 and an enrollment for the 2002-2003 school year of at least
3 8,500;

4 (ii) the bonds are issued to purchase school sites,
5 build and equip a new high school, build and equip a new
6 junior high school, build and equip 5 new elementary
7 schools, and make technology and other improvements and
8 additions to existing schools;

9 (iii) at the time of the sale of the bonds, the board
10 of education determines by resolution that the sites and
11 new or improved facilities are needed because of projected
12 enrollment increases;

13 (iv) at least 57% of those voting in a general election
14 held prior to January 1, 2003 approved a proposition for
15 the issuance of the bonds; and

16 (v) the bonds are issued pursuant to Sections 19-2
17 through 19-7 of this Code.

18 (p) Notwithstanding any other provisions of this Section or
19 the provisions of any other law, a community unit school
20 district maintaining grades K through 12 may issue bonds up to
21 an amount, including indebtedness, not exceeding 27% of the
22 equalized assessed value of the taxable property in the
23 district if all of the following conditions are met:

24 (i) The school district has an equalized assessed
25 valuation for calendar year 2001 of at least \$295,741,187
26 and a best 3 months' average daily attendance for the
27 2002-2003 school year of at least 2,394.

28 (ii) The bonds are issued to build and equip 3
29 elementary school buildings; build and equip one middle
30 school building; and alter, repair, improve, and equip all
31 existing school buildings in the district.

32 (iii) At the time of the sale of the bonds, the board
33 of education determines by resolution that the project is
34 needed because of expanding growth in the school district
35 and a projected enrollment increase.

36 (iv) The bonds are issued pursuant to Sections 19-2

1 through 19-7 of this Code.

2 (g) A school district must notify the State Board of
3 Education prior to issuing any form of long-term or short-term
4 debt that will result in outstanding debt that exceeds 75% of
5 the debt limit specified in this Section or any other provision
6 of law.

7 (Source: P.A. 93-13, eff. 6-9-03; 93-799, eff. 7-22-04;
8 93-1045, eff. 10-15-04; revised 10-22-04.)

9 (105 ILCS 5/19-8) (from Ch. 122, par. 19-8)

10 Sec. 19-8. Bonds to pay claims.

11 Any school district or non-high district operating under
12 general law or special charter having a population of 500,000
13 or less is authorized to issue bonds for the purpose of paying
14 orders issued for the wages of teachers, or for the payment of
15 claims against any such district.

16 Such bonds may be issued in an amount, including existing
17 indebtedness, in excess of any statutory limitation as to debt.

18 ~~When a school district complies with Sections 19-9 and~~
19 ~~19-11 and bonds have been issued under this Section 19-8 by~~
20 ~~that school district and that district is certified as a~~
21 ~~financially distressed district under Section 19-1.5, the~~
22 ~~amount of those bonds, when and after they are issued, whether~~
23 ~~issued before or after such certification, shall not be~~
24 ~~considered debt under any statutory debt limitation and shall~~
25 ~~be excluded from the computation and determination of any~~
26 ~~statutory or other debt limitation applicable to the~~
27 ~~financially distressed district.~~

28 (Source: P.A. 88-641, eff. 9-9-94.)

29 (105 ILCS 5/20-2) (from Ch. 122, par. 20-2)

30 Sec. 20-2. Indebtedness and bonds. For the purpose of
31 creating a working cash fund, the school board of any such
32 district may incur an indebtedness and issue bonds as evidence
33 thereof in an amount or amounts not exceeding in the aggregate
34 85% of the taxes permitted to be levied for educational

1 purposes for the then current year to be determined by
2 multiplying the maximum educational tax rate applicable to such
3 school district by the last assessed valuation as determined at
4 the time of the issue of said bonds plus 85% of the last known
5 entitlement of such district to taxes as by law now or
6 hereafter enacted or amended, imposed by the General Assembly
7 of the State of Illinois to replace revenue lost by units of
8 local government and school districts as a result of the
9 abolition of ad valorem personal property taxes, pursuant to
10 Article IX, Section 5, paragraph (c) of the Constitution of the
11 State of Illinois, ~~except that a district that is certified~~
12 ~~under Section 19-1.5 as a financially distressed district may~~
13 ~~incur an indebtedness and issue bonds as evidence thereof in an~~
14 ~~amount or amounts not exceeding in the aggregate 125% of the~~
15 ~~taxes permitted to be levied for educational purposes for the~~
16 ~~then current year to be determined by multiplying the maximum~~
17 ~~educational tax rate applicable to that school district by the~~
18 ~~last assessed valuation as determined at the time of the~~
19 ~~issuance of the bonds plus 125% of the last known entitlement~~
20 ~~of that district to taxes that by law now or hereafter enacted~~
21 ~~or amended are imposed by the General Assembly to replace~~
22 ~~revenue lost by units of local government and school districts~~
23 ~~as a result of the abolition of ad valorem personal property~~
24 ~~taxes, pursuant to Article IX, Section 5, paragraph (c) of the~~
25 ~~Constitution of the State of Illinois.~~ The bonds shall bear
26 interest at not more than the maximum rate authorized by the
27 Bond Authorization Act, as amended at the time of the making of
28 the contract, if issued before January 1, 1972 and not more
29 than the maximum rate authorized by the Bond Authorization Act,
30 as amended at the time of the making of the contract, if issued
31 after January 1, 1972 and shall mature within 20 years from the
32 date thereof. Subject to the foregoing limitations as to
33 amount, the bonds may be issued in an amount including existing
34 indebtedness which will not exceed the constitutional
35 limitation as to debt, notwithstanding any statutory debt
36 limitation to the contrary. ~~When bonds have been issued under~~

1 ~~this Article by a school district that is certified as a~~
2 ~~financially distressed district under Section 19-1.5, the~~
3 ~~amount of those bonds, when and after they are issued, whether~~
4 ~~issued before or after such certification, shall not be~~
5 ~~considered debt under any statutory debt limitation and shall~~
6 ~~be excluded from the computation and determination of any~~
7 ~~statutory or other debt limitation applicable to the~~
8 ~~financially distressed district.~~ The school board shall before
9 or at the time of issuing the bonds provide for the collection
10 of a direct annual tax upon all the taxable property within the
11 district sufficient to pay the principal thereof at maturity
12 and to pay the interest thereon as it falls due, which tax
13 shall be in addition to the maximum amount of all other taxes,
14 either educational; transportation; operations and
15 maintenance; or fire prevention and safety fund taxes, now or
16 hereafter authorized and in addition to any limitations upon
17 the levy of taxes as provided by Sections 17-2 through 17-9.
18 The bonds may be issued redeemable at the option of the school
19 board of the district issuing them on any interest payment date
20 on or after 5 years from date of issue.

21 With respect to instruments for the payment of money issued
22 under this Section either before, on, or after the effective
23 date of this amendatory Act of 1989, it is and always has been
24 the intention of the General Assembly (i) that the Omnibus Bond
25 Acts are and always have been supplementary grants of power to
26 issue instruments in accordance with the Omnibus Bond Acts,
27 regardless of any provision of this Act that may appear to be
28 or to have been more restrictive than those Acts, (ii) that the
29 provisions of this Section are not a limitation on the
30 supplementary authority granted by the Omnibus Bond Acts, and
31 (iii) that instruments issued under this Section within the
32 supplementary authority granted by the Omnibus Bond Acts are
33 not invalid because of any provision of this Act that may
34 appear to be or to have been more restrictive than those Acts.

35 (Source: P.A. 87-984; 88-641, eff. 9-9-94.)

1 (105 ILCS 5/20-3) (from Ch. 122, par. 20-3)

2 Sec. 20-3. Tax levy. For the purpose of providing moneys
3 for a working cash fund, the school board of any such school
4 district may also levy annually upon all the taxable property
5 of their district a tax, known as the "working cash fund tax,"
6 not to exceed 0.05% of value, as equalized or assessed by the
7 Department of Revenue; ~~provided, that: (1) no such tax shall~~
8 ~~be levied if bonds are issued in amount or amounts equal in the~~
9 ~~aggregate to the limitation set forth in Section 20-2 for the~~
10 ~~creation of a working cash fund.; (2) no such tax shall be~~
11 ~~levied and extended by a school district that is not certified~~
12 ~~as a financially distressed district under Section 19-1.5 if~~
13 ~~the amount of the tax so to be extended will increase the~~
14 ~~working cash fund to a total amount exceeding 85% of the taxes~~
15 ~~last extended for educational purposes of the district plus 85%~~
16 ~~of the last known entitlement of such district to taxes as by~~
17 ~~law now or hereafter enacted or amended, imposed by the General~~
18 ~~Assembly of the State of Illinois to replace revenue lost by~~
19 ~~units of local government and school districts as a result of~~
20 ~~the abolition of ad valorem personal property taxes, pursuant~~
21 ~~to Article IX, Section 5(c) of the Constitution of the State of~~
22 ~~Illinois; and (3) no such tax shall be levied or extended by a~~
23 ~~school district that is certified as a financially distressed~~
24 ~~district under Section 19-1.5 if the amount of the tax so to be~~
25 ~~extended will increase the working cash fund to a total amount~~
26 ~~exceeding 125% of the taxes last extended for educational~~
27 ~~purposes of the district plus 125% of the last known~~
28 ~~entitlement of that district to taxes that by law now or~~
29 ~~hereafter enacted or amended are imposed by the General~~
30 ~~Assembly to replace revenue lost by units of local government~~
31 ~~and school districts as a result of the abolition of ad valorem~~
32 ~~personal property taxes, pursuant to Article IX, Section 5(c)~~
33 ~~of the Constitution of the State of Illinois.~~ The collection of
34 the tax shall not be anticipated by the issuance of any
35 warrants drawn against it. The tax shall be levied and
36 collected, except as otherwise provided in this Section, in

1 like manner as the general taxes of the district, and shall be
2 in addition to the maximum of all other taxes, either
3 educational; transportation; operations and maintenance; or
4 fire prevention and safety fund taxes, now or hereafter to be
5 levied for school purposes. It may be levied by separate
6 resolution by the last Tuesday in September in each year or it
7 may be included in the certificate of tax levy filed under
8 Section 17-11.

9 (Source: P.A. 87-984; 88-641, eff. 9-9-94.)

10 (105 ILCS 5/20-5) (from Ch. 122, par. 20-5)

11 Sec. 20-5. Transfer to other fund. This Section shall not
12 apply in any school district which does not operate a working
13 cash fund.

14 Moneys, including interest earned from investment of the
15 working cash fund as in this Section provided, shall be
16 transferred from the working cash fund to another fund of the
17 district only upon the authority of the school board which
18 shall from time to time by separate resolution direct the
19 school treasurer to make transfers of such sums as may be
20 required for the purposes herein authorized.

21 The resolution shall set forth (a) the taxes in
22 anticipation of which such transfer is to be made and from
23 which the working cash fund is to be reimbursed; (b) the entire
24 amount of taxes extended, or which the school board estimates
25 will be extended or received, for any year in anticipation of
26 the collection of all or part of which such transfer is to be
27 made; (c) the aggregate amount of warrants or notes theretofore
28 issued in anticipation of the collection of such taxes together
29 with the amount of interest accrued and which the school board
30 estimates will accrue thereon; (d) the aggregate amount of
31 receipts from taxes imposed to replace revenue lost by units of
32 local government and school districts as a result of the
33 abolition of ad valorem personal property taxes, pursuant to
34 Article IX, Section 5(c) of the Constitution of the State of
35 Illinois, which the corporate authorities estimate will be set

1 aside for the payment of the proportionate amount of debt
2 service and pension or retirement obligations, as required by
3 Section 12 of the State Revenue Sharing Act; and (e) the
4 aggregate amount of money theretofore transferred from the
5 working cash fund to the other fund in anticipation of the
6 collection of such taxes. The amount which any such resolution
7 shall direct the treasurer so to transfer, in anticipation of
8 the collection of taxes levied or to be received for any year,
9 together with the aggregate amount of such anticipation tax
10 warrants or notes theretofore drawn against such taxes and the
11 amount of interest accrued and estimated to accrue thereon and
12 the aggregate amount of such transfers to be made in
13 anticipation of the collection of such taxes and the amount
14 estimated to be required to satisfy debt service and pension or
15 retirement obligations, as set forth in Section 12 of the State
16 Revenue Sharing Act, shall not exceed 85% of the actual or
17 estimated amount of such taxes extended or to be extended or to
18 be received as set forth in such resolution ~~in the case of a~~
19 ~~school district that is not certified as a financially~~
20 ~~distressed district under Section 19-1.5 or 125% of the actual~~
21 ~~or estimated amount of the taxes extended or to be extended or~~
22 ~~to be received as set forth in the resolution in the case of a~~
23 ~~district that is certified as a financially distressed district~~
24 ~~under Section 19-1.5.~~ At any time moneys are available in the
25 working cash fund they shall be transferred to the educational
26 fund and disbursed for the payment of salaries and other school
27 expenses so as to avoid, whenever possible, the issuance of
28 anticipation tax warrants or notes.

29 Moneys earned as interest from the investment of the
30 working cash fund, or any portion thereof, may be transferred
31 from the working cash fund to another fund of the district
32 without any requirement of repayment to the working cash fund,
33 upon the authority of the school board by separate resolution
34 directing the school treasurer to make such transfer and
35 stating the purpose therefore as one herein authorized.

36 (Source: P.A. 87-970; 87-984; 87-1168; 88-9; 88-45; 88-641,

1 eff. 9-9-94.)

2 (105 ILCS 5/17-2C rep.)

3 (105 ILCS 5/19-1.5 rep.)

4 Section 10. The School Code is amended by repealing
5 Sections 17-2C and 19-1.5.

6 Section 90. The State Mandates Act is amended by adding
7 Section 8.29 as follows:

8 (30 ILCS 805/8.29 new)

9 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
10 of this Act, no reimbursement by the State is required for the
11 implementation of any mandate created by this amendatory Act of
12 the 94th General Assembly.

13 Section 99. Effective date. This Act takes effect July 1,
14 2006.

1		INDEX
2		Statutes amended in order of appearance
3	105 ILCS 5/1A-8	from Ch. 122, par. 1A-8
4	105 ILCS 5/1B-5	from Ch. 122, par. 1B-5
5	105 ILCS 5/1B-8	from Ch. 122, par. 1B-8
6	105 ILCS 5/1F-20	
7	105 ILCS 5/1F-62	
8	105 ILCS 5/17-1	from Ch. 122, par. 17-1
9	105 ILCS 5/19-1	from Ch. 122, par. 19-1
10	105 ILCS 5/19-8	from Ch. 122, par. 19-8
11	105 ILCS 5/20-2	from Ch. 122, par. 20-2
12	105 ILCS 5/20-3	from Ch. 122, par. 20-3
13	105 ILCS 5/20-5	from Ch. 122, par. 20-5
14	105 ILCS 5/17-2C rep.	
15	105 ILCS 5/19-1.5 rep.	
16	30 ILCS 805/8.29 new	