



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

SB1535

Introduced 2/9/2007, by Sen. Christine Radogno

#### SYNOPSIS AS INTRODUCED:

110 ILCS 947/145

Amends the Higher Education Student Assistance Act. In a Section authorizing the Illinois Student Assistance Commission to issue bonds, provides that no refunding bonds shall be offered for sale unless the net present value of debt service savings to be achieved by the issuance of the refunding bonds is 3% or more of the principal amount of the refunding bonds to be issued; and provides that the maturities of the refunding bonds shall not extend beyond the maturities of the bonds they refund, so that for each fiscal year in the maturity schedule of a particular issue of refunding bonds, the total amount of refunding principal maturing and redemption amounts due in that fiscal year and all prior fiscal years in that schedule shall be greater than or equal to the total amount of refunded principal and redemption amounts that had been due over that fiscal year and all prior fiscal years prior to the refunding. Effective immediately.

LRB095 06861 NHT 26979 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 Higher Education Student Assistance Act is  
5 amended by changing Section 145 as follows:

6 (110 ILCS 947/145)

7 Sec. 145. Issuance of Bonds.

8 (a) The Commission has power, and is authorized from time  
9 to time, to issue bonds (1) to make or acquire eligible loans,  
10 (2) to refund the bonds of the Commission, or (3) for a  
11 combination of such purposes. The Commission shall not have  
12 outstanding at any one time bonds in an aggregate principal  
13 amount exceeding \$5,000,000,000, excluding bonds issued to  
14 refund the bonds of the Commission.

15 The Commission is authorized to use the proceeds from the  
16 sale of bonds issued pursuant to this Act to fund the reserves  
17 created therefor, including a reserve for interest coming due  
18 on the bonds for one year following the issuance of the bonds,  
19 as provided in the resolution or resolutions authorizing the  
20 bonds and to pay the necessary expenses of issuing the bonds,  
21 including but not limited to, legal, printing, and consulting  
22 fees.

23 (b) The Commission has power, and is authorized from time

1 to time, to issue refunding bonds (1) to refund unpaid matured  
2 bonds; (2) to refund unpaid matured coupons evidencing interest  
3 upon its unpaid matured bonds; and (3) to refund interest at  
4 the coupon rate upon its unpaid matured bonds that has accrued  
5 since the maturity of those bonds. The refunding bonds may be  
6 exchanged for the bonds to be refunded on a par for par basis  
7 of the bonds, interest coupons, and interest not represented by  
8 coupons, if any, or may be sold at not less than par or may be  
9 exchanged in part and sold in part; and the proceeds received  
10 at any such sale shall be used to pay the bonds, interest  
11 coupons, and interest not represented by coupons, if any. Bonds  
12 and interest coupons which have been received in exchange or  
13 paid shall be cancelled and the obligation for interest, not  
14 represented by coupons which have been discharged, shall be  
15 evidenced by a written acknowledgement of the exchange or  
16 payment thereof.

17 (c) The Commission has power, and is authorized from time  
18 to time, to also issue refunding bonds under this Section, to  
19 refund bonds at or prior to their maturity or which by their  
20 terms are subject to redemption before maturity, or both, in an  
21 amount necessary to refund (1) the principal amount of the  
22 bonds to be refunded, (2) the interest to accrue up to and  
23 including the maturity date or dates thereof, and (3) the  
24 applicable redemption premiums, if any. Those refunding bonds  
25 may be exchanged for not less than an equal principal amount of  
26 bonds to be refunded or may be sold and the proceeds received

1 at the sale thereof (excepting the accrued interest received)  
2 used to complete such refunding, including the payment of the  
3 costs of issuance thereof.

4 (d) The bonds shall be authorized by resolution of the  
5 Commission and may be issued in one or more series, may bear  
6 such date or dates, may be in such denomination or  
7 denominations, may mature at such time or times not exceeding  
8 40 years from the respective dates thereof, may mature in such  
9 amount or amounts, may bear interest at such rate or rates, may  
10 be in such form either coupon or registered as to principal  
11 only or as to both principal and interest, may carry such  
12 registration privileges (including the conversion of a fully  
13 registered bond to a coupon bond or bonds and the conversion of  
14 a coupon bond to a fully registered bond), may be executed in  
15 such manner, may be made payable in such medium of payment, at  
16 such place or places within or without the State, and may be  
17 subject to such terms of redemption prior to their expressed  
18 maturity, with or without premium, as the resolution or other  
19 resolutions may provide. Proceeds from the sale of the bonds  
20 may be invested as the resolution or resolutions and as the  
21 Commission from time to time may provide. All bonds issued  
22 under this Act shall be sold in the manner and at such price as  
23 the Commission may deem to be in the best interest of the  
24 public. The resolution may provide that the bonds be executed  
25 with one manual signature and that other signatures may be  
26 printed, lithographed or engraved thereon. No refunding bonds

1 shall be offered for sale unless the net present value of debt  
2 service savings to be achieved by the issuance of the refunding  
3 bonds is 3% or more of the principal amount of the refunding  
4 bonds to be issued; and the maturities of the refunding bonds  
5 shall not extend beyond the maturities of the bonds they  
6 refund, so that for each fiscal year in the maturity schedule  
7 of a particular issue of refunding bonds, the total amount of  
8 refunding principal maturing and redemption amounts due in that  
9 fiscal year and all prior fiscal years in that schedule shall  
10 be greater than or equal to the total amount of refunded  
11 principal and redemption amounts that had been due over that  
12 fiscal year and all prior fiscal years prior to the refunding.

13       The Commission shall not be authorized to create and the  
14 bonds shall not in any event constitute State debt of the State  
15 of Illinois within the meaning of the Constitution or statutes  
16 of the State of Illinois, and the same shall be so stated upon  
17 the face of each bond. The source of payment for the bonds  
18 shall be stated on the face of each bond.

19       The issuance of bonds under this Act is in all respects for  
20 the benefit of the People of the State of Illinois, and in  
21 consideration thereof the bonds issued pursuant to this Act and  
22 the income therefrom shall be free from all taxation by the  
23 State or its political subdivisions, except for estate,  
24 transfer, and inheritance taxes. For purposes of Section 250 of  
25 the Illinois Income Tax Act, the exemption of the income from  
26 bonds issued under this Act shall terminate after all of the

1 bonds have been paid. The amount of such income that shall be  
2 added and then subtracted on the Illinois income tax return of  
3 a taxpayer, pursuant to Section 203 of the Illinois Income Tax  
4 Act, from federal adjusted gross income or federal taxable  
5 income in computing Illinois base income shall be the interest  
6 net of any bond premium amortization.

7 (Source: P.A. 92-45, eff. 6-29-01; 93-623, eff. 12-19-03.)

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