

AN ACT concerning education.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The School Code is amended by changing Sections 20-2, 20-4, and 20-5 as follows:

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

Sec. 20-2. Indebtedness and bonds. For the purpose of creating, re-creating, or increasing a working cash fund, the school board of any such district may incur an indebtedness and issue bonds as evidence thereof in an amount or amounts not exceeding in the aggregate 85% of the taxes permitted to be levied for educational purposes for the then current year to be determined by multiplying the maximum educational tax rate or rates applicable to such school district by the last assessed valuation or assessed valuations as determined at the time of the issue of said bonds, plus 85% of the last known entitlement of such district to taxes as by law now or hereafter enacted or amended, imposed by the General Assembly of the State of Illinois to replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5, paragraph (c) of the Constitution of the State of Illinois, plus 85% of the most recent amount of funding received by the

school district under Section 18-8.15. The bonds shall bear interest at not more than the maximum rate authorized by law and shall mature within 20 years from the date thereof. Subject to the foregoing limitations as to amount, the bonds may be issued in an amount including existing indebtedness which will not exceed the constitutional limitation as to debt, notwithstanding any statutory debt limitation to the contrary. The school board shall before or at the time of issuing the bonds provide for the collection of a direct annual tax upon all the taxable property within the district sufficient to pay the principal thereof at maturity and to pay the interest thereon as it falls due, which tax shall be in addition to the maximum amount of all other taxes, either educational; transportation; operations and maintenance; or fire prevention and safety fund taxes, now or hereafter authorized and in addition to any limitations upon the levy of taxes as provided by Sections 17-2 through 17-9.

With respect to instruments for the payment of money issued under this Section either before, on, or after the effective date of this amendatory Act of 1989, it is and always has been the intention of the General Assembly (i) that the Omnibus Bond Acts are and always have been supplementary grants of power to issue instruments in accordance with the Omnibus Bond Acts, regardless of any provision of this Act that may appear to be or to have been more restrictive than those Acts, (ii) that the provisions of this Section are not a limitation on the

supplementary authority granted by the Omnibus Bond Acts, and (iii) that instruments issued under this Section within the supplementary authority granted by the Omnibus Bond Acts are not invalid because of any provision of this Act that may appear to be or to have been more restrictive than those Acts.

(Source: P.A. 96-1277, eff. 7-26-10.)

(105 ILCS 5/20-4) (from Ch. 122, par. 20-4)

Sec. 20-4. Use and reimbursement of fund. This Section shall not apply in any school district which does not operate a working cash fund.

Moneys derived from the issuance of bonds as authorized by Section 20-2, or from any tax levied pursuant to Section 20-3, shall be used only for the purposes and in the manner provided in this Article. Moneys in the fund shall not be regarded as current assets available for school purposes. The school board may appropriate moneys to the working cash fund up to the maximum amount allowable in the fund, and the working cash fund may receive such appropriations and any other contributions. Moneys in the fund may be used by the school board for any and all school purposes and may be transferred in whole or in part to the general funds or both of the school district and disbursed therefrom in anticipation of the collection of taxes lawfully levied for any or all purposes, ~~or~~ in anticipation of such taxes as by law now or hereafter enacted or amended are imposed by the General Assembly of the State of Illinois to

replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5(c) of the Constitution of the State of Illinois, or in anticipation of funding received by the school district under Section 18-8.15.

Moneys so transferred to any other fund shall be deemed to be transferred in anticipation of the collection of that part of the taxes so levied or to be received which is in excess of the amount thereof required to pay any warrants or notes and the interest thereon theretofore and thereafter issued in anticipation of the collection thereof and such taxes when collected shall be applied to the payment of any such warrants and the interest thereon, the amount estimated to be required to satisfy debt service and pension or retirement obligations, as set forth in Section 12 of the State Revenue Sharing Act and then to the reimbursement of such working cash fund as hereinafter provided.

Upon receipt by the school district of any taxes or State funding in anticipation of the collection whereof moneys of the working cash fund have been so transferred for disbursement, the fund shall immediately be reimbursed therefrom until the full amount so transferred has been retransferred to the fund. Unless the taxes so received and applied to the reimbursement of the working cash fund prior to the first day of the eighth month following the month in which due and unpaid real property taxes begin to bear interest are sufficient to effect a

complete reimbursement of such fund for any moneys transferred therefrom in anticipation of the collection of such taxes, the working cash fund shall be reimbursed for the amount of the deficiency therein from any other revenues accruing to the educational fund, and the school board shall make provisions for the immediate reimbursement of the amount of any such deficiency in its next annual tax levy.

(Source: P.A. 96-1277, eff. 7-26-10.)

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

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

Moneys in the working cash fund shall be transferred from the working cash fund to another fund of the district only upon the authority of the school board which shall from time to time by separate resolution direct the school treasurer to make transfers of such sums as may be required for the purposes herein authorized.

The resolution shall set forth (a) the taxes and State funding in anticipation of which such transfer is to be made and from which the working cash fund is to be reimbursed; (b) the entire amount of taxes extended, or which the school board estimates will be extended or received, for any year in anticipation of the collection of all or part of which such transfer is to be made; (c) the aggregate amount of warrants or

notes theretofore issued in anticipation of the collection of such taxes together with the amount of interest accrued and which the school board estimates will accrue thereon; (d) the aggregate amount of receipts from taxes imposed to replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5(c) of the Constitution of the State of Illinois, which the corporate authorities estimate will be set aside for the payment of the proportionate amount of debt service and pension or retirement obligations, as required by Section 12 of the State Revenue Sharing Act; ~~and~~ (e) the aggregate amount of money theretofore transferred from the working cash fund to the other fund in anticipation of the collection of such taxes and State funding; and (f) the aggregate amount of funding received by the school district under Section 18-8.15. The amount which any such resolution shall direct the treasurer so to transfer, in anticipation of the collection of taxes levied or to be received for any year, together with the aggregate amount of such anticipation tax warrants or notes theretofore drawn against such taxes and the amount of interest accrued and estimated to accrue thereon and the aggregate amount of such transfers to be made in anticipation of the collection of such taxes and the amount estimated to be required to satisfy debt service and pension or retirement obligations, as set forth in Section 12 of the State Revenue Sharing Act, shall not exceed 85% of the actual or

estimated amount of such taxes extended or to be extended or to be received as set forth in such resolution. At any time moneys are available in the working cash fund they shall be transferred to such other funds of the district and used for any and all school purposes so as to avoid, whenever possible, the issuance of anticipation tax warrants or notes.

Moneys earned as interest from the investment of the working cash fund, or any portion thereof, may be transferred from the working cash fund to another fund of the district that is most in need of the interest without any requirement of repayment to the working cash fund, upon the authority of the school board by separate resolution directing the school treasurer to make such transfer and stating the purpose in accordance with subsection (c) of Section 9 of the Local Government Debt Reform Act.

(Source: P.A. 96-1277, eff. 7-26-10.)

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