



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5572

by Rep. Jeanne M Ives

SYNOPSIS AS INTRODUCED:

New Act

Creates the School District Debt Control and Taxpayer Protection Act. Provides that a school district may not refinance debt past the repayment period of the debt when issued, may not issue debt to be serviced over a period of greater than 20 years, and may not issue capital appreciation bonds. Sets forth provisions calculating and establishing a debt limit and prohibiting new debt. Requires specified bond referendum and bond issuance information to be provided. Effective immediately.

LRB100 16329 NHT 31455 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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 1. Short title. This Act may be cited as the School
5 District Debt Control and Taxpayer Protection Act.

6 Section 5. Definitions. As used in this Act:

7 "Capital appreciation bond" means debt issued without
8 annual or semiannual payments of principal, interest, or both.

9 "Entire debt service" means principal, interest, and
10 issuance costs of all debt and bonds.

11 "Equalized assessed value" means the assessed value as
12 equalized by the Illinois Department of Revenue.

13 "Tax anticipation warrants" means tax anticipation
14 warrants drawn and issued under the School Code.

15 Section 10. Refinancing debt. Notwithstanding any other
16 law to the contrary, a school district may not refinance debt
17 past the repayment period of the debt when issued.

18 Section 15. Debt serviced more than 20 years.
19 Notwithstanding any law to the contrary, a school district may
20 not issue debt to be serviced over a period greater than 20
21 years.

1 Section 20. Equalized assessed value. Notwithstanding any
2 other law to the contrary, for the purpose of calculating the
3 debt limit of a school district in relation to its equalized
4 assessed value, debt shall include all debt issued and its
5 associated interest and issuance costs.

6 Section 25. Debt limitation. Notwithstanding any other law
7 to the contrary, no school district may become indebted in any
8 manner or for any purpose in an amount, including the entire
9 debt service, in the aggregate exceeding 13.8% for a unit
10 district or 6.9% for an elementary or high school district of
11 the value of the taxable property therein to be ascertained by
12 the last assessment for State and county taxes or, if greater,
13 the sum that is produced by multiplying the school district's
14 2017 equalized assessed value by the debt limitation percentage
15 in effect on the effective date of this Act, previous to the
16 incurring of such indebtedness.

17 Section 30. New debt prohibited.

18 (a) Notwithstanding any other law to the contrary and on
19 and after the effective date of this Act, a school district
20 that exceeds the debt limitation of Section 25 of this Act may
21 not incur any new debt, including, but not limited to, tax
22 anticipation warrants, until the school district's aggregate
23 debt limitation is below the debt limitation of Section 25.

1 (b) Notwithstanding subsection (a), a school district may
2 issue new debt on or after the effective date of this Act if a
3 referendum allowing new debt to be issued was passed before the
4 effective date of this Act.

5 Section 35. Capital appreciation bonds. Notwithstanding
6 any other law to the contrary and on and after the effective
7 date of this Act, no school district may issue capital
8 appreciation bonds.

9 Section 40. Additional debt. Nothing in this Act shall
10 authorize any school district to issue additional debt above
11 and beyond what is otherwise authorized by law.

12 Section 45. Bond referendum information. Notwithstanding
13 any other law to the contrary, the referendum question allowing
14 a school district to issue bonds must include the following:

15 (1) a description of the project for which the bonds
16 will be issued;

17 (2) an estimate of the number of years during which the
18 bonds will be outstanding; and

19 (3) an estimate of the total debt service to be paid on
20 the bonds, including principal, interest, and costs of
21 issuing the bonds.

22 Section 50. Bond issuance information. If a school district

1 presents information to the public about a bond issuance, then
2 that information must include an estimate of the average annual
3 property tax needed to pay the principal of and interest on the
4 bonds extendable against property containing a median-priced
5 home in the school district's boundaries at a fair market
6 value.

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