

**SB0010**



**100TH GENERAL ASSEMBLY**

**State of Illinois**

**2017 and 2018**

**SB0010**

Introduced 1/11/2017, by Sen. John J. Cullerton

**SYNOPSIS AS INTRODUCED:**

65 ILCS 5/Art. 8 Div. 13 heading new  
65 ILCS 5/8-13-5 new  
65 ILCS 5/8-13-10 new  
65 ILCS 5/8-13-15 new  
65 ILCS 5/8-13-20 new

Amends the Illinois Municipal Code. Provides that a home rule municipality may enter into an agreement to assign, sell, transfer, or otherwise convey its interest in all or part of any revenues or taxes that it receives from the State Comptroller, the State Treasurer, or the Department of Revenue, and sets for the requirements for such agreements. Provides that the State pledges not to limit or alter the disposition of receipts transferred under these provisions. Provides that these provisions are applicable to home rule units and that they restrict the power of home rule units. Defines terms. Effective immediately, but this Act does not take effect at all unless Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, and 13 of the 100th General Assembly become law.

LRB100 06345 HLH 16383 b

FISCAL NOTE ACT  
MAY APPLY

**A BILL FOR**

1 AN ACT concerning finance.

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

4 Section 5. The Illinois Municipal Code is amended by adding  
5 Division 13 to Article 8 as follows:

6 (65 ILCS 5/Art. 8 Div. 13 heading new)

7 DIVISION 13. ASSIGNMENT OF RECEIPTS

8 (65 ILCS 5/8-13-5 new)

9 Sec. 8-13-5. Definitions. As used in this Article:

10 "Assignment agreement" means an agreement between a  
11 transferring unit and an issuing entity for the conveyance of  
12 all or part of any revenues or taxes received by the  
13 transferring unit from a State entity.

14 "Conveyance" means an assignment, sale, transfer, or other  
15 conveyance.

16 "Deposit account" means a designated escrow account  
17 established by an issuing entity at a trust company or bank  
18 having trust powers for the deposit of transferred receipts  
19 under an assignment agreement.

20 "Issuing entity" means (i) a corporation, trust or other  
21 entity that has been established for the limited purpose of  
22 issuing obligations for the benefit of a transferring unit, or

1 (ii) a bank or trust company in its capacity as trustee for  
2 obligations issued by such bank or trust company for the  
3 benefit of a transferring unit.

4 "State entity" means the State Comptroller, the State  
5 Treasurer, or the Illinois Department of Revenue.

6 "Transferred receipts" means all or part of any revenues,  
7 taxes, or grant funds received from a State entity that have  
8 been conveyed by a transferring unit under an assignment  
9 agreement.

10 "Transferring unit" means a home rule municipality located  
11 in the State.

12 (65 ILCS 5/8-13-10 new)

13 Sec. 8-13-10. Assignment of receipts.

14 (a) Any transferring unit which receives revenues, taxes,  
15 or grant funds from a State entity may (to the extent not  
16 prohibited by any applicable statute, regulation, rule, or  
17 grant agreement governing the use of such revenues, taxes, or  
18 grant funds) authorize, by ordinance, the conveyance of all or  
19 any portion of such revenues, taxes, or grant funds to an  
20 issuing entity. Any conveyance of transferred receipts shall:  
21 (i) be made pursuant to an assignment agreement in exchange for  
22 the net proceeds of obligations issued by the issuing entity  
23 for the benefit of the transferring unit and shall, for all  
24 purposes, constitute an absolute conveyance of all right,  
25 title, and interest therein; (ii) not be deemed a pledge or

1 other security interest for any borrowing by the transferring  
2 unit; (iii) be valid, binding, and enforceable in accordance  
3 with the terms thereof and of any related instrument,  
4 agreement, or other arrangement, including any pledge, grant of  
5 security interest, or other encumbrance made by the issuing  
6 entity to secure any obligations issued by the issuing entity  
7 for the benefit of the transferring unit; and (iv) not be  
8 subject to disavowal, disaffirmance, cancellation, or  
9 avoidance by reason of insolvency of any party, lack of  
10 consideration, or any other fact, occurrence, or State law or  
11 rule. On and after the effective date of the conveyance of the  
12 transferred receipts, the transferring unit shall have no  
13 right, title or interest in or to the transferred receipts  
14 conveyed and the transferred receipts so conveyed shall be the  
15 property of the issuing entity to the extent necessary to pay  
16 the obligations issued by the issuing entity for the benefit of  
17 the transferring unit, and shall be received, held, and  
18 disbursed by the issuing entity in a trust fund outside the  
19 treasury of the transferring unit. An assignment agreement may  
20 provide for the periodic reconveyance to the transferring unit  
21 of amounts of transferred receipts remaining after the payment  
22 of the obligations issued by the issuing entity for the benefit  
23 of the transferring unit.

24 (b) In connection with any conveyance of transferred  
25 receipts, the transferring unit is authorized to direct the  
26 applicable State entity to deposit or cause to be deposited any

1 amount of such transferred receipts into a deposit account in  
2 order to secure the obligations issued by the issuing entity  
3 for the benefit of the transferring unit. Where the  
4 transferring unit states that such direction is irrevocable,  
5 the direction shall be treated by the applicable State entity  
6 as irrevocable with respect to the transferred receipts  
7 described in such direction. Each State entity shall comply  
8 with the terms of any such direction received from a  
9 transferring unit and shall execute and deliver such  
10 acknowledgments and agreements, including escrow and similar  
11 agreements, as the transferring unit may require to effectuate  
12 the deposit of transferred receipts in accordance with the  
13 direction of the transferring unit.

14 (c) Not later than the date of issuance by an issuing  
15 entity of any obligations secured by collections of transferred  
16 receipts, a certified copy of the ordinance authorizing the  
17 conveyance of the right to receive the transferred receipts,  
18 together with executed copies of the applicable assignment  
19 agreement and the agreement providing for the establishment of  
20 the deposit account, shall be filed with the State entity  
21 having custody of the transferred receipts.

22 (65 ILCS 5/8-13-15 new)

23 Sec. 8-13-15. Pledges and agreements of the State. The  
24 State of Illinois pledges to and agrees with each transferring  
25 unit and issuing entity that the State will not limit or alter

1 the rights and powers vested in the State entities by this  
2 Article with respect to the disposition of transferred receipts  
3 so as to impair the terms of any contract, including any  
4 assignment agreement, made by the transferring unit with the  
5 issuing entity or any contract executed by the issuing entity  
6 in connection with the issuance of obligations by the issuing  
7 entity for the benefit of the transferring unit until all  
8 requirements with respect to the deposit by such State entity  
9 of transferred receipts for the benefit of such issuing entity  
10 have been fully met and discharged. In addition, the State  
11 pledges to and agrees with each transferring unit and each  
12 issuing entity that the State will not limit or alter the basis  
13 on which transferred receipts are to be paid to the issuing  
14 entity as provided in this Article, or the use of such funds,  
15 so as to impair the terms of any such contract. Each  
16 transferring unit and issuing entity is authorized to include  
17 these pledges and agreements of the State in any contract  
18 executed and delivered as described in this Article. In no way  
19 shall the pledge and agreements of the State be interpreted to  
20 construe the State as a guarantor of any debt or obligation  
21 subject to an assignment agreement under this Division.

22 (65 ILCS 5/8-13-20 new)

23 Sec. 8-13-20. Home rule. A home rule unit may not enter  
24 into assignment agreements in a manner inconsistent with the  
25 provisions of this Article. This Section is a limitation under

1 subsection (i) of Section 6 of Article VII of the Illinois  
2 Constitution on the concurrent exercise by home rule units of  
3 powers and functions exercised by the State.

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law, but this Act does not take effect at all unless  
6 Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, and 13 of the  
7 100th General Assembly become law.