

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 Procurement Code is amended by  
5 changing Sections 20-60, 25-45, and 40-25 as follows:

6 (30 ILCS 500/20-60)

7 Sec. 20-60. Duration of contracts.

8 (a) Maximum duration. A contract, ~~other than a contract~~  
9 ~~entered into pursuant to the State University Certificates of~~  
10 ~~Participation Act,~~ may be entered into for any period of time  
11 deemed to be in the best interests of the State but not  
12 exceeding 10 years inclusive, beginning January 1, 2010, of  
13 proposed contract renewals. The length of a lease for real  
14 property or capital improvements shall be in accordance with  
15 the provisions of Section 40-25. The length of energy  
16 conservation program contracts or energy savings contracts or  
17 leases shall be in accordance with the provisions of Section  
18 25-45. A contract for bond or mortgage insurance awarded by the  
19 Illinois Housing Development Authority, however, may be  
20 entered into for any period of time less than or equal to the  
21 maximum period of time that the subject bond or mortgage may  
22 remain outstanding.

23 (b) Subject to appropriation. All contracts made or entered

1 into shall recite that they are subject to termination and  
2 cancellation in any year for which the General Assembly fails  
3 to make an appropriation to make payments under the terms of  
4 the contract.

5 (c) The chief procurement officer shall file a proposed  
6 extension or renewal of a contract with the Procurement Policy  
7 Board prior to entering into any extension or renewal if the  
8 cost associated with the extension or renewal exceeds \$249,999.  
9 The Procurement Policy Board may object to the proposed  
10 extension or renewal within 30 calendar days and require a  
11 hearing before the Board prior to entering into the extension  
12 or renewal. If the Procurement Policy Board does not object  
13 within 30 calendar days or takes affirmative action to  
14 recommend the extension or renewal, the chief procurement  
15 officer may enter into the extension or renewal of a contract.  
16 This subsection does not apply to any emergency procurement,  
17 any procurement under Article 40, or any procurement exempted  
18 by Section 1-10(b) of this Code. If any State agency contract  
19 is paid for in whole or in part with federal-aid funds, grants,  
20 or loans and the provisions of this subsection would result in  
21 the loss of those federal-aid funds, grants, or loans, then the  
22 contract is exempt from the provisions of this subsection in  
23 order to remain eligible for those federal-aid funds, grants,  
24 or loans, and the State agency shall file notice of this  
25 exemption with the Procurement Policy Board prior to entering  
26 into the proposed extension or renewal. Nothing in this

1 subsection permits a chief procurement officer to enter into an  
2 extension or renewal in violation of subsection (a). By August  
3 1 each year, the Procurement Policy Board shall file a report  
4 with the General Assembly identifying for the previous fiscal  
5 year (i) the proposed extensions or renewals that were filed  
6 with the Board and whether the Board objected and (ii) the  
7 contracts exempt from this subsection.

8 (Source: P.A. 95-344, eff. 8-21-07; 96-15, eff. 6-22-09;  
9 96-795, eff. 7-1-10 (see Section 5 of P.A. 96-793 for the  
10 effective date of changes made by P.A. 96-795); 96-920, eff.  
11 7-1-10; 96-1478, eff. 8-23-10.)

12 (30 ILCS 500/25-45)

13 Sec. 25-45. Energy conservation program contracts; energy  
14 savings contracts or leases.

15 (a) For the purposes of this Section, an "energy savings  
16 contract or lease" means a contract or lease for an  
17 improvement, repair, alteration, betterment, equipment,  
18 fixture, or furnishing that is designed to reduce energy  
19 consumption or operating costs, and that includes an agreement  
20 that payments, except obligations on termination of the  
21 contract or lease before its expiration, shall be made over  
22 time and that savings are guaranteed to the extent practicable  
23 to pay for the cost of the improvement, repair, alteration,  
24 betterment, equipment, fixture, or furnishing.

25 (b) State purchasing officers may enter into energy

1 conservation program contracts or energy savings contracts or  
2 leases that provide for utility cost savings. Notwithstanding  
3 any other law to the contrary, energy savings contracts or  
4 leases may include an alternative financing or lease to  
5 purchase option.

6 (c) Energy conservation program contracts or energy  
7 savings contracts and leases may be entered into for a period  
8 of time deemed to be in the best interest of the State but not  
9 exceeding 15 years inclusive of proposed contract or lease  
10 renewals.

11 (d) The chief procurement officer shall promulgate and  
12 adopt rules for the implementation of this Section.

13 (Source: P.A. 90-572, eff. date - See Sec. 99-5.)

14 (30 ILCS 500/40-25)

15 Sec. 40-25. Length of leases.

16 (a) Maximum term. Leases shall be for a term not to exceed  
17 10 years inclusive, beginning January, 1, 2010, of proposed  
18 contract renewals and shall include a termination option in  
19 favor of the State after 5 years. The length of energy  
20 conservation program contracts or energy savings contracts or  
21 leases shall be in accordance with the provisions of Section  
22 25-45.

23 (b) Renewal. Leases may include a renewal option. An option  
24 to renew may be exercised only when a State purchasing officer  
25 determines in writing that renewal is in the best interest of

1 the State and notice of the exercise of the option is published  
2 in the appropriate volume of the Procurement Bulletin at least  
3 60 calendar days prior to the exercise of the option.

4 (c) Subject to appropriation. All leases shall recite that  
5 they are subject to termination and cancellation in any year  
6 for which the General Assembly fails to make an appropriation  
7 to make payments under the terms of the lease.

8 (d) Holdover. Beginning January 1, 2010, no lease may  
9 continue on a month-to-month or other holdover basis for a  
10 total of more than 6 months. Beginning July 1, 2010, the  
11 Comptroller shall withhold payment of leases beyond this  
12 holdover period.

13 (Source: P.A. 98-1076, eff. 1-1-15.)

14 Section 10. The Illinois Municipal Code is amended by  
15 adding Division 13 to Article 8 as follows:

16 (65 ILCS 5/Art. 8 Div. 13 heading new)

17 DIVISION 13. ASSIGNMENT OF RECEIPTS

18 (65 ILCS 5/8-13-5 new)

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

20 "Assignment agreement" means an agreement between a  
21 transferring unit and an issuing entity for the conveyance of  
22 all or part of any revenues or taxes received by the  
23 transferring unit from a State entity.

1 "Conveyance" means an assignment, sale, transfer, or other  
2 conveyance.

3 "Deposit account" means a designated escrow account  
4 established by an issuing entity at a trust company or bank  
5 having trust powers for the deposit of transferred receipts  
6 under an assignment agreement.

7 "Issuing entity" means (i) a corporation, trust or other  
8 entity that has been established for the limited purpose of  
9 issuing obligations for the benefit of a transferring unit, or  
10 (ii) a bank or trust company in its capacity as trustee for  
11 obligations issued by such bank or trust company for the  
12 benefit of a transferring unit.

13 "State entity" means the State Comptroller, the State  
14 Treasurer, or the Illinois Department of Revenue.

15 "Transferred receipts" means all or part of any revenues or  
16 taxes received from a State entity that have been conveyed by a  
17 transferring unit under an assignment agreement.

18 "Transferring unit" means a home rule municipality located  
19 in the State.

20 (65 ILCS 5/8-13-10 new)

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

22 (a) Any transferring unit which receives revenues or taxes  
23 from a State entity may (to the extent not prohibited by any  
24 applicable statute, regulation, rule, or agreement governing  
25 the use of such revenues or taxes) authorize, by ordinance, the

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

1 provide for the periodic reconveyance to the transferring unit  
2 of amounts of transferred receipts remaining after the payment  
3 of the obligations issued by the issuing entity for the benefit  
4 of the transferring unit.

5 (b) In connection with any conveyance of transferred  
6 receipts, the transferring unit is authorized to direct the  
7 applicable State entity to deposit or cause to be deposited any  
8 amount of such transferred receipts into a deposit account in  
9 order to secure the obligations issued by the issuing entity  
10 for the benefit of the transferring unit. Where the  
11 transferring unit states that such direction is irrevocable,  
12 the direction shall be treated by the applicable State entity  
13 as irrevocable with respect to the transferred receipts  
14 described in such direction. Each State entity shall comply  
15 with the terms of any such direction received from a  
16 transferring unit and shall execute and deliver such  
17 acknowledgments and agreements, including escrow and similar  
18 agreements, as the transferring unit may require to effectuate  
19 the deposit of transferred receipts in accordance with the  
20 direction of the transferring unit.

21 (c) Not later than the date of issuance by an issuing  
22 entity of any obligations secured by collections of transferred  
23 receipts, a certified copy of the ordinance authorizing the  
24 conveyance of the right to receive the transferred receipts,  
25 together with executed copies of the applicable assignment  
26 agreement and the agreement providing for the establishment of



1 the deposit account, shall be filed with the State entity  
2 having custody of the transferred receipts.

3 (65 ILCS 5/8-13-11 new)

4 Sec. 8-13-11. Liens for obligations.

5 (a) As used in this Section, "statutory lien" has the  
6 meaning given to that term under 11 U.S.C. 101(53) of the  
7 federal Bankruptcy Code.

8 (b) Obligations issued by an issuing entity shall be  
9 secured by a statutory lien on the transferred receipts  
10 received, or entitled to be received, by the issuing entity  
11 that are designated as pledged for such obligations. The  
12 statutory lien shall automatically attach from the time the  
13 obligations are issued without further action or authorization  
14 by the issuing entity or any other entity, person, governmental  
15 authority, or officer. The statutory lien shall be valid and  
16 binding from the time the obligations are executed and  
17 delivered without any physical delivery thereof or further act  
18 required, and shall be a first priority lien unless the  
19 obligations, or documents authorizing the obligations or  
20 providing a source of payment or security for those  
21 obligations, shall otherwise provide.

22 The transferred receipts received or entitled to be  
23 received shall be immediately subject to the statutory lien  
24 from the time the obligations are issued, and the statutory  
25 lien shall automatically attach to the transferred receipts

1 (whether received or entitled to be received by the issuing  
2 entity) and be effective, binding, and enforceable against the  
3 issuing entity, the transferring unit, the State entity, the  
4 State of Illinois, and their agents, successors, and  
5 transferees, and creditors, and all others asserting rights  
6 therein or having claims of any kind in tort, contract, or  
7 otherwise, irrespective of whether those parties have notice of  
8 the lien and without the need for any physical delivery,  
9 recordation, filing, or further act.

10 The statutory lien imposed by this Section is automatically  
11 released and discharged with respect to amounts of transferred  
12 receipts reconveyed to the transferring unit pursuant to  
13 Section 8-13-10 of this Code, effective upon such reconveyance.

14 (c) The statutory lien provided in this Section is separate  
15 from and shall not affect any special revenues lien or other  
16 protection afforded to special revenue obligations under the  
17 federal Bankruptcy Code.

18 (65 ILCS 5/8-13-15 new)

19 Sec. 8-13-15. Pledges and agreements of the State. The  
20 State of Illinois pledges to and agrees with each transferring  
21 unit and issuing entity that the State will not limit or alter  
22 the rights and powers vested in the State entities by this  
23 Article with respect to the disposition of transferred receipts  
24 so as to impair the terms of any contract, including any  
25 assignment agreement, made by the transferring unit with the

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

18 (65 ILCS 5/8-13-20 new)

19 Sec. 8-13-20. Home rule. A home rule unit may not enter  
20 into assignment agreements in a manner inconsistent with the  
21 provisions of this Article. This Section is a limitation under  
22 subsection (i) of Section 6 of Article VII of the Illinois  
23 Constitution on the concurrent exercise by home rule units of  
24 powers and functions exercised by the State.

25 Section 99. Effective date. This Act takes effect upon

1 becoming law.