



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB2739

by Rep. Thomas Morrison

#### SYNOPSIS AS INTRODUCED:

New Act  
105 ILCS 5/19-32 new

Creates the School District Debt Control and Taxpayer Protection Act, and amends the School Code. 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. Provides that school districts may not be indebted in an amount greater than that indicated in the Act and if a school district does exceed the debt limitation, then the school district may not incur any new debt until the school district's debt is lower than the debt limitation. Effective immediately.

LRB101 09183 AXK 54277 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 alternate revenue bonds,  
5 privately placed debt, and all interest on all debt.

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% of the value of  
10 the taxable property therein to be ascertained by the last  
11 assessment for State and county taxes or, if greater, the sum  
12 that is produced by multiplying the school district's 2018  
13 equalized assessed value by the debt limitation percentage in  
14 effect on January 1, 2019, previous to the incurring of such  
15 indebtedness.

16           Section 30. New debt prohibited.

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

23           (b) Notwithstanding subsection (a), a school district may

1 issue new debt on or after effective date of this Act if a  
2 referendum allowing new debt to be issued was passed before the  
3 effective date of this Act.

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

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

11 Section 45. The School Code is amended by adding Section  
12 19-32 as follows:

13 (105 ILCS 5/19-32 new)

14 Sec. 19-32. School District Debt Control and Taxpayer  
15 Protection Act. In any instance in which this Code conflicts  
16 with the School District Debt Control and Taxpayer Protection  
17 Act, that Act shall control.

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