

1 AN ACT relating to schools.

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
5 Local Option School District Income Tax Act.

6 Section 5. Definitions. In this Act:

7 "Taxable income" means that portion of the net income of
8 a taxpayer that is allocable and apportionable to the school
9 district of which the taxpayer is a resident under the
10 provisions of this Act and the regulations promulgated
11 thereunder.

12 "Net income" means the net income of a taxpayer as
13 defined and as determined and computed for the taxable year
14 under the provisions of the Illinois Income Tax Act.

15 "Taxable year" means the calendar year, or the fiscal
16 year ending in such calendar year, upon the basis of which
17 taxable income is computed under this Act, and also includes
18 a fractional part of a year for which income is earned.

19 "Resident" means an individual who is in a school
20 district for other than a temporary transitory purpose during
21 the taxable year, or who is domiciled in that school district
22 but is absent therefrom for a temporary or transitory purpose
23 during the taxable year.

24 "Residential property" means (i) property that is
25 "homestead property" within the meaning of Section 15-175 of
26 the Property Tax Code, and (ii) any other real property that
27 is used solely for residential purposes and that is improved
28 with a structure that consists only of not more than 6
29 residential units, at least one of which is occupied as the
30 principal dwelling place of the owner or owners of the
31 property.

1 Section 10. Referendum; imposition of tax; limitations.
2 The school board of each school district, including special
3 charter districts as defined in Section 1-3 of the School
4 Code and school districts organized under Article 34 of that
5 Code, may by proper resolution or shall upon receipt of a
6 petition of 5% of the voters who voted in the school district
7 in the last gubernatorial election cause to be submitted to
8 the voters of the school district at the general election
9 held in November of an even-numbered year or at the
10 nonpartisan election held in November of an odd-numbered
11 year, in accordance with the general election law, a
12 proposition to authorize an annual local income tax for
13 schools, measured as a non-graduated percentage of the
14 taxable income of individuals resident of the district and
15 imposed only in increments of 0.125%, to be imposed on every
16 such individual on the privilege of earning or receiving
17 income as a resident of the school district; provided that
18 the tax shall not be imposed on income earned or received by
19 an individual during any period in which the individual is a
20 nonresident of the school district even though the income is
21 earned or received in that school district. The resolution
22 shall be adopted or the petition shall be filed under this
23 Section not less than 90 days before the date of the November
24 election at which the proposition is to be submitted to the
25 voters of the school district.

26 The resolution or petition to submit the proposition to
27 the voters of the district shall: (i) specify an estimated
28 initial rate at which the tax is proposed to be imposed; (ii)
29 state that the actual initial rate at which the tax is
30 imposed shall be computed by the Department of Revenue and
31 shall be adjusted every 12 months thereafter; and (iii) state
32 that the actual initial rate and the rate as adjusted and
33 imposed for each succeeding 12 month period shall be computed
34 by the Department of Revenue in such manner as to produce,

1 from the tax imposed under this Act, aggregate income tax
2 revenues for distribution to the school district in each
3 calendar year that are equal, as near as may be, to the 50%
4 abatement that the county clerk is required to make in each
5 such calendar year, as provided in Section 40, in extending
6 against residential property located in the district taxes
7 levied by the district during the preceding calendar year for
8 the educational, operations and maintenance, and
9 transportation purposes of the district. The proposition
10 shall state the approximate initial rate at which the tax is
11 proposed to be imposed, as computed by the Department of
12 Revenue under subsection (b) of Section 15, and shall be in
13 substantially the following form:

14 Shall School District No. be authorized to
15 impose a local income tax for schools at an initial
16 annual rate of approximately ...% on the taxable income
17 earned or received by individuals who are residents of
18 the school district, if the actual initial rate at which
19 the tax is imposed is adjusted every 12 months
20 thereafter, and if the actual initial rate and the rate
21 as adjusted and imposed for each succeeding 12 month
22 period are computed by the Department of Revenue in such
23 manner as to produce aggregate income tax revenues for
24 distribution to the school district in each calendar year
25 that are equal, as near as may be, to a 50% reduction
26 that would then have to be made in each such calendar
27 year in the extension against residential property of
28 real property taxes levied by the district during the
29 preceding calendar year for the educational, operations
30 and maintenance, and transportation purposes of the
31 district?

32 The votes shall be recorded as "Yes" or "No". If a majority
33 of the votes cast at the election on the proposition to
34 impose the local income tax for schools is in favor thereof,

1 the school board shall, commencing on March 1 of the calendar
2 year immediately succeeding the calendar year in which the
3 election is held and thereafter, unless such authority is
4 repealed as provided in Section 25, impose the annual tax at
5 an annual rate as initially computed and as computed and
6 adjusted every 12 months thereafter by the Department of
7 Revenue as provided in subsection (c) of Section 15.

8 Section 15. Determination of annual rate.

9 (a) Upon a school board's adoption of a resolution or
10 receipt of a petition to impose within the school district
11 the local income tax for schools as provided in this Act, the
12 school board shall request the county clerk of each county in
13 which all or any part of the territory of the school district
14 is located to certify, and each such county clerk shall
15 certify, to the school board and to the Department of
16 Revenue, not later than August 1 of the calendar year in
17 which the proposition to impose a local income tax for
18 schools is to be submitted to the voters of the district at a
19 regular election held in November of that year, an amount
20 equal to the aggregate amount of real property taxes that
21 could be extended against the equalized assessed valuation of
22 the taxable residential property in the district for the
23 educational, operations and maintenance, and transportation
24 purposes of the district (i) if those real property taxes are
25 levied at the maximum rates at which the district is
26 authorized to levy those taxes for the fiscal year of the
27 district that begins in the calendar year in which the
28 resolution is adopted or the petition is received, and (ii)
29 if those real property taxes are extended at those rates
30 against the equalized assessed valuation of the taxable
31 residential property in the district for the calendar year in
32 which the petition is filed or the resolution is adopted.

33 (b) Not more than 15 days after receipt by the Department

1 of Revenue of the certification or certifications required to
2 be made by the county clerk or county clerks as provided in
3 subsection (a), the Department of Revenue shall compute and
4 certify to the school board of the school district the
5 approximate rate, calculated to the nearest 0.125%, that, had
6 this Act been in effect during the calendar year immediately
7 preceding the calendar year in which the resolution is
8 adopted or the petition is received, and had the local income
9 tax for schools been imposed and collected under this Act
10 within the district during each of the 12 months comprising
11 that immediately preceding calendar year at that approximate
12 rate, would have produced in collected income taxes that were
13 distributable to that school district for that calendar year
14 an amount equal or substantially equal to but not greater
15 than 50% of the total amount or amounts certified by the
16 county clerk or county clerks, as the case may be, under
17 subsection (a). The approximate rate as computed by the
18 Department of Revenue under this subsection shall be the
19 approximate initial annual rate that must be stated in the
20 proposition that is submitted to the voters of the district
21 under Section 10.

22 (c) Not later than February 1 of each calendar year
23 during any part of which the local income tax for schools is
24 or will be imposed in a school district, each county clerk in
25 which all or any part of the school district is located shall
26 compute and certify to the Department of Revenue and the
27 school board, as provided in Section 40, the aggregate amount
28 of the abatement required to be made under that Section in
29 each such calendar year in the extension against the
30 residential property located in the district of taxes levied
31 by the district in the preceding calendar year for
32 educational, operations and maintenance, and transportation
33 purposes. Within 10 days after the receipt by the Department
34 of Revenue of the annual certification required to be made by

1 each county clerk in which all or any part of the school
2 district is located, the Department of Revenue shall compute
3 the actual initial rate (with respect to the 12 month period
4 that commences on March 1 of the first calendar year during
5 which the local income tax for schools is to imposed) or the
6 adjusted rate (with respect to each successive 12 month
7 period), calculated to the nearest 0.125%, that, had the
8 local income tax for schools been imposed and collected
9 within the district during each of the 12 months comprising
10 the calendar year immediately preceding the calendar year in
11 which the Department is required to compute the rate under
12 this subsection, would have produced, in collected local
13 school income taxes that were distributable to the school
14 district for that calendar year, an amount equal or
15 substantially equal to but not greater than the aggregate
16 amount of the abatement computed and certified by the county
17 clerk or county clerks to the Department in the calendar year
18 in which the Department computes the rate under this
19 subsection. The actual initial rate or the adjusted rate
20 that is computed and certified by the Department of Revenue
21 in each such calendar year as provided in this subsection
22 shall be the annual rate at which the local income tax for
23 schools is imposed in the district for the 12 month period
24 that commences on March 1 of the calendar year in which the
25 Department computes and certifies the rate.

26 Section 20. Apportionment of income. The method of
27 allocating and apportioning income earned in the school
28 district by individuals who earn only a portion of their
29 income in that district shall be established by rules and
30 regulations that the Department of Revenue shall adopt for
31 that purpose. The method so established shall be determined,
32 as near as may be, in accordance with the provisions of
33 Article III of the Illinois Income Tax Act, governing the

1 manner in which income and items of deduction are allocated
2 and apportioned to this State with respect to part-year
3 residents and other persons.

4 Section 25. Repeal of local income tax for schools;
5 referendum. The school board of a school district may by
6 resolution, or shall upon the petition of 5% of the voters
7 who voted in the school district in the last gubernatorial
8 election, cause to be submitted to the voters of that
9 district in accordance with the general election law a
10 proposition to repeal the local income tax for schools. The
11 proposition to repeal the local income tax for schools may be
12 submitted to the voters of the district only at the general
13 election held in November of an even-numbered year or at the
14 nonpartisan election held in November of an odd-numbered
15 year. The resolution or petition to submit the proposition
16 to the voters of the district shall: (i) state that the
17 proposed repeal of the local income tax for schools is to
18 take effect on March 1 of the calendar year following the
19 calendar year in which the November election is held; (ii)
20 state that amounts to be collected from the imposition of the
21 local income tax for schools through February of the calendar
22 year in which the proposed repeal of the tax is to take
23 effect shall be distributed to the school district as
24 provided in this Act on July 1 of that calendar year; and
25 (iii) state that when the proposed repeal of the local income
26 tax for schools takes effect, the extension of real property
27 taxes against residential property thereafter levied by the
28 school district for the educational, operations and
29 maintenance, and transportation purposes of the district
30 shall no longer be abated under the provisions of this Act.
31 The proposition shall be in substantially the following form:
32 Shall the local income tax for schools that is
33 imposed by School District No. be repealed effective

1 March 1, if, when that repeal takes effect, the
2 extension of the real property taxes against residential
3 property thereafter levied by the school district for its
4 educational, operations and maintenance, and
5 transportation purposes will no longer be reduced each
6 year by 50%?

7 The votes shall be recorded as "Yes" or "No". If a majority
8 of the votes cast on the proposition to repeal the local
9 income tax for schools is in favor thereof, that tax shall
10 not be imposed on or after March 1 of the calendar year
11 following the year in which the election is held unless again
12 authorized as provided in Section 10.

13 Section 30. Collection.

14 (a) Any tax authorized under this Act shall be imposed
15 only on income earned on or after March 1 of the calendar
16 year following the referendum held in November of the
17 immediately preceding calendar year at which imposition of
18 the tax is authorized. The tax so imposed shall be paid by
19 the taxpayer on or before the fifteenth day of the fourth
20 month following the close of each taxable year during which
21 the tax is imposed and shall be submitted to the Department
22 of Revenue along with the taxpayer's return under the
23 Illinois Income Tax Act. The tax shall be collected by the
24 Department of Revenue. The certification of the results of
25 the referendum authorizing the tax by the proper election
26 officials, accompanied by the resolution of the school board
27 imposing the tax as authorized and the computation by the
28 Department of Revenue in accordance with subsection (c) of
29 Section 15 of the actual initial rate of the tax to be
30 imposed under this Act, shall constitute the authority of the
31 Department of Revenue to collect the tax. Whenever a
32 proposition to authorize imposition of the local income tax
33 for schools is approved by the voters of any school district

1 as provided in this Act, the county clerk of each county in
2 which that school district is located shall certify the
3 territorial boundaries of the district to the Department of
4 Revenue, and the Department shall (i) promptly notify all
5 individuals resident of the district who have previously
6 filed a return with respect to the taxes imposed by the
7 Illinois Income Tax Act that the local income tax for schools
8 will be imposed within the district beginning on March 1 of
9 the calendar year immediately following the calendar year in
10 which the election authorizing imposition of the tax is held
11 and the manner in which the tax is to be collected by and
12 paid to the Department of Revenue, and (ii) publish notice in
13 a newspaper published in the school district or, if there is
14 no such newspaper, then in a newspaper published in the
15 county in which the school district is located and having
16 circulation in the district, that the local income tax for
17 schools will be imposed within the district and the manner in
18 which the tax is to be collected by and paid to the
19 Department of Revenue. In addition, not later than the 15th
20 day of February of each calendar year in which the Department
21 computes and certifies the rate at which the local income tax
22 for schools is to be imposed for the 12 month period that
23 commences on March 1 of that calendar year, the Department
24 shall publish notice in a newspaper published in the district
25 (or if there is no such newspaper, then in a newspaper
26 published in the county in which the district is located and
27 having circulation in the district) of the actual initial
28 rate or adjusted rate, as the case may be, at which the tax
29 will be imposed within the district during the 12 month
30 period commencing on that March 1. Any tax imposed under this
31 Act shall be collected by and paid to the Department of
32 Revenue at the same time and in the same manner, with the
33 same withholding and estimated payment requirements and
34 subject to the same assessment and refund procedures,

1 penalties, and interest as the tax imposed by the Illinois
2 Income Tax Act. Except as provided in subsection (b) of this
3 Section, the Department of Revenue shall forthwith pay over
4 to the State Treasurer, ex officio, as trustee, all moneys
5 received by it on behalf of the school district under this
6 Section, to be deposited into a special account that the
7 State Treasurer and State Comptroller shall establish and
8 maintain for the benefit of that school district in the Local
9 Option School District Income Tax Fund, a special fund that
10 is hereby created in the State treasury, to be held and
11 disbursed by the State Treasurer and State Comptroller as
12 provided in this Section and Section 35. All interest earned
13 from the investment of any moneys from time to time held in
14 the Local Option School District Income Tax Fund and any
15 special accounts established in that Fund shall be retained
16 by the State Treasurer to be applied toward costs incurred by
17 the Department of Revenue in administering and enforcing this
18 Act.

19 (b) The Local Option School District Income Tax Refund
20 Fund is hereby created in the State Treasury. The Department
21 of Revenue shall deposit a percentage of the amounts
22 collected from the tax imposed under this Act by any school
23 district into a special account that the State Treasurer and
24 State Comptroller shall establish and maintain within the
25 Local Option School District Income Tax Refund Fund for the
26 purpose of paying refunds resulting from overpayment of tax
27 liability under this Act with respect to that school
28 district. The Department of Revenue shall determine the
29 percentage of the amounts collected from the tax imposed
30 under this Act by any school district that is to be deposited
31 into the special account maintained in the Local Option
32 School District Income Tax Refund Fund to pay refunds
33 resulting from overpayment of tax liability under this Act
34 with respect to that school district and shall certify that

1 percentage to the Comptroller, all in accordance with rules
2 adopted by the Department of Revenue for purposes of this
3 Section. Money in the special account maintained in the
4 Local Option School District Income Tax Refund Fund with
5 respect to any school district shall be expended exclusively
6 for the purpose of paying refunds resulting from overpayment
7 of tax liability under this Act with respect to that school
8 district. The Director of Revenue shall order payment of
9 refunds resulting from overpayment of tax liability under
10 this Act from the special account maintained with respect to
11 a school district in the Local Option School District Income
12 Tax Refund Fund only to the extent that amounts collected
13 pursuant to this Act for that school district have been
14 deposited into and retained in that special account. This
15 Section shall constitute an irrevocable and continuing
16 appropriation from the Local Option School District Income
17 Tax Refund Fund and the special accounts established and
18 maintained therein for the purpose of paying refunds upon the
19 order of the Director of Revenue in accordance with the
20 provisions of this Section.

21 (c) The Department of Revenue shall promulgate such
22 rules and regulations as may be necessary to implement the
23 provisions of this Act.

24 Section 35. Certification, disbursement, and use of
25 funds.

26 (a) On July 1 of each calendar year, or the first
27 following business day if July 1 falls on a Saturday, Sunday,
28 or holiday, the Department of Revenue shall certify to the
29 State Treasurer and State Comptroller the disbursement of
30 stated sums of money to each school district in which a tax
31 authorized by this Act has been imposed and collected during
32 the preceding calendar year. On each certification date, the
33 amount to be certified for disbursement from the special

1 account maintained for a school district in the Local Option
2 School District Income Tax Fund shall be the amount deposited
3 into that special account from the tax collected under this
4 Act for that school district during the 12 month period that
5 commences on March 1 of the immediately preceding calendar
6 year, reduced by an amount equal to 2% of the amount so
7 deposited into that special account to be retained by the
8 State Treasurer and applied toward the costs incurred by the
9 Department of Revenue in administering and enforcing this
10 Act.

11 (b) At the time of each disbursement to a school
12 district, the Department of Revenue shall prepare and certify
13 to the Comptroller the amount retained by the State Treasurer
14 as provided in this Section and the interest earned from the
15 investment of moneys from time to time held in the Local
16 Option School District Income Tax Fund and any special
17 accounts established therein as provided in subsection (a) of
18 Section 30 to be applied toward the costs incurred by the
19 Department in administering and enforcing this Act, the
20 amount so retained and the interest so earned to be paid into
21 the General Revenue Fund of the State Treasury.

22 (c) Within 5 days after receipt by the Comptroller from
23 the Department of Revenue of the certification of
24 disbursements to the school districts and General Revenue
25 Fund as provided in this Section, the Comptroller shall cause
26 the warrants to be drawn for the respective amounts in
27 accordance with the directions contained in the
28 certification.

29 (d) If for any reason the General Assembly fails to make
30 an appropriation sufficient to pay each school district the
31 full amount required to be disbursed and paid to it by this
32 Section and any other provision of this Act, then this
33 Section shall constitute an irrevocable and continuing
34 appropriation of all amounts necessary for that purpose and

1 the irrevocable and continuing authority for and direction to
2 the Comptroller and Treasurer of the State to make the
3 necessary transfers out of and disbursements from the
4 revenues and funds of the State for that purpose.

5 (e) The school board of each school district that
6 receives a disbursement under this Act shall apply and credit
7 the moneys so disbursed to the educational, operations and
8 maintenance, and transportation funds of the district in
9 proportion to the ratio that the amount that the required
10 abatement under Section 40 in the extension against the
11 residential property located in the district, during the
12 disbursement year, of real property taxes levied by the
13 district in each of those 3 funds bears to the aggregate
14 amount of the required abatement under that Section in the
15 extension against such residential property, during the
16 disbursement year, of real property taxes levied by the
17 district in all 3 of those funds.

18 Section 40. Abatement of extension of real property
19 taxes on residential property.

20 (a) During each calendar year in which a disbursement is
21 required to be made under Section 35 to a school district of
22 moneys credited to a special account maintained for that
23 district in the Local Option School District Income Tax Fund,
24 the county clerk shall abate the extension against
25 residential property located in the district of taxes levied
26 by the district for educational, operations and maintenance,
27 and transportation purposes. If any such school district is
28 located in more than one county, the amount of the extension
29 of real property taxes levied for educational, operations and
30 maintenance, and transportation purposes against residential
31 property situated within that district to be so abated shall
32 be apportioned by the county clerks of those counties based
33 upon the ratio of the aggregate assessed value of the taxable

1 residential property of the district in each such county.
2 Before any abatement of the extension of real property taxes
3 levied for educational, operations and maintenance, and
4 transportation purposes against residential property situated
5 within a school district is made as provided in this Section,
6 the county clerk shall determine whether the amount of each
7 of the educational, operations and maintenance, and
8 transportation tax levies that has been certified for
9 extension is based on a rate at which the district making the
10 certification is authorized by statute or referendum to levy
11 that tax, shall disregard any excess, and shall extend the
12 levy of that tax in accordance with the provisions of the
13 Property Tax Code, subject to abatement of the extension as
14 provided in this Section.

15 (b) Not later than February 1 of each calendar year in
16 which the extension against residential property located in a
17 school district of taxes levied by the district for
18 educational, operations and maintenance, and transportation
19 purposes is required to be abated under subsection (a), the
20 county clerk shall determine the aggregate amount of the
21 required abatement and shall certify that amount to the
22 Department of Revenue and the school board. The aggregate
23 amount of the required abatement in each such calendar year
24 shall be equal to 50% of that portion of the total levy for
25 educational, operations and maintenance, and transportation
26 purposes certified by the school district to the county clerk
27 in the preceding calendar year for extension against all
28 taxable property in the district that the county clerk
29 determines would, but for the abatement required under this
30 Section, be extended against the equalized assessed value of
31 the taxable residential property located in the district. In
32 extending taxes levied for the educational, operations and
33 maintenance, and transportation purposes of the school
34 district in the year in which the abatement is required to be

1 made, the county clerk shall apportion the aggregate amount
2 of the required abatement among the extensions made of the
3 educational, operations and maintenance, and transportation
4 taxes levied by the district based upon the ratio that the
5 amount certified for levy for each of those 3 purposes bears
6 to the aggregate amount certified for levy for all 3 of those
7 purposes. In certifying to the school board the aggregate
8 amount of the required abatement, the county clerk shall
9 further certify the amount by which each of the respective
10 levies made for the educational, operations and maintenance,
11 and transportation purposes of the district will be reduced.

12 Section 45. Property tax rates. The provisions of this
13 Act for abatement in the extension against residential
14 property of real property taxes levied by school districts
15 for educational, operations and maintenance, and
16 transportation purposes do not constitute and shall not be
17 construed to be a limitation on or a reduction in the rate at
18 which any school district now is or hereafter may be
19 authorized by statute or referendum to levy taxes for any
20 lawful school purpose.

21 Section 50. Penalties. Any person who is subject to the
22 provisions of this Act and who willfully fails to file a
23 return, or who willfully violates any rule or regulation of
24 the Department of Revenue for the administration or
25 enforcement of this Act, or who willfully attempts in any
26 other manner to evade or defeat any tax imposed by this Act
27 or the payment thereof, shall in addition to other penalties
28 be guilty of a Class B misdemeanor. A prosecution for any
29 violation of this Act may be commenced within 3 years of the
30 commission of that act.

31 Section 100. The State Finance Act is amended by adding

1 Sections 5.595 and 5.596 as follows:

2 (30 ILCS 105/5.595 new)

3 Sec. 5.595. The Local Option School District Income Tax
4 Fund.

5 (30 ILCS 105/5.596 new)

6 Sec. 5.596. The Local Option School District Income Tax
7 Refund Fund.

8 Section 105. The Illinois Income Tax Act is amended by
9 changing Section 512 as follows:

10 (35 ILCS 5/512) (from Ch. 120, par. 5-512)

11 Sec. 512. School district data; local option school
12 income tax; net income attributable to period prior to March
13 1 and to period on and after March 1 of a taxable year.

14 (a) All individual income tax return forms for tax years
15 ending December 31, 1986 through December 30, 1995 shall
16 contain an appropriate space in which the taxpayer must
17 indicate either (i) the name and number of the high school
18 district in which they reside on the date such return is
19 filed, or (ii) the name and number of the unit school
20 district in which they reside on the date such return is
21 filed. Failure of the taxpayer to insert such information
22 shall not invalidate the return.

23 (b) For all tax years ending December 31, 1995 and
24 thereafter, the Department shall provide the State Board of
25 Education with information on individual income tax receipts
26 by school district from the data collected by the Geographic
27 Information System maintained by the Department.

28 (c) All individual income tax forms for tax years ending
29 on or after December 31, 2004 shall contain appropriate space
30 for a taxpayer who resides within a school district that

1 imposes a local income tax for schools under the Local Option
2 School District Income Tax Act to calculate the tax due from
3 the taxpayer under that Act. The Department shall provide,
4 with the return, instructions for calculating and paying the
5 local income tax for schools as provided in the Local Option
6 School District Income Tax Act.

7 (d) With respect to each taxable year of a resident of a
8 school district in which the local income tax for schools is
9 imposed under the Local Option School District Income Tax
10 Act, for purposes of computing the tax due from a resident
11 under that Act, net income for the period before March 1 of
12 the taxable year shall be that amount which bears the same
13 ratio to the resident's net income for the entire taxable
14 year as the number of days in that year before March 1 bears
15 to the total number of days in that year, and net income for
16 the period of the taxable year that begins on March 1 and
17 ends on the last day of the taxable year shall be that amount
18 which bears the same ratio to the resident's net income for
19 the entire taxable year as the number of days in that year
20 beginning March 1 bears to the total number of days in that
21 year. As used in this subsection, the terms "taxable year",
22 "resident", and "net income" have the meaning ascribed to
23 them by Section 5 of the Local Option School District Income
24 Tax Act.

25 (Source: P.A. 89-21, eff. 7-1-95.)

26 Section 110. The Property Tax Code is amended by changing
27 Sections 18-45 and 18-185 and adding Section 18-182 as
28 follows:

29 (35 ILCS 200/18-45)

30 Sec. 18-45. Computation of rates. Except as provided
31 below, each county clerk shall estimate and determine the
32 rate per cent upon the equalized assessed valuation for the

1 levy year of the property in the county's taxing districts
2 and special service areas, as established under Article VII
3 of the Illinois Constitution, so that the rate will produce,
4 within the proper divisions of that county, not less than the
5 net amount that will be required by the county board or
6 certified to the county clerk according to law. Prior to
7 extension, the county clerk shall determine the maximum
8 amount of tax authorized to be levied by any statute. If the
9 amount of any tax certified to the county clerk for extension
10 exceeds the maximum, the clerk shall extend only the maximum
11 allowable levy.

12 The county clerk shall exclude from the total equalized
13 assessed valuation, whenever estimating and determining it
14 under this Section and Sections 18-50 through 18-105, the
15 equalized assessed valuation in the percentage which has been
16 agreed to by each taxing district, of any property or portion
17 thereof within an Enterprise Zone upon which an abatement of
18 taxes was made under Section 18-170. However, if a
19 municipality has adopted tax increment financing under
20 Division 74.4 of Article 11 of the Illinois Municipal Code,
21 the county clerk shall estimate and determine rates in
22 accordance with Sections 11-74.4-7 through 11-74.4-9 of that
23 Act. Beginning on January 1, 1998 and thereafter, the
24 equalized assessed value of all property for the computation
25 of the amount to be extended within a county with 3,000,000
26 or more inhabitants shall be the sum of (i) the equalized
27 assessed value of such property for the year immediately
28 preceding the levy year as established by the assessment and
29 equalization process for the year immediately prior to the
30 levy year, (ii) the equalized assessed value of any property
31 that qualifies as new property, as defined in Section 18-185,
32 or annexed property, as defined in Section 18-225, for the
33 current levy year, and (iii) any recovered tax increment
34 value, as defined in Section 18-185, for the current levy

1 year, less the equalized assessed value of any property that
2 qualifies as disconnected property, as defined in Section
3 18-225, for the current levy year.

4 The provisions of this Section and the authority and
5 responsibility of the county clerks hereunder are subject to
6 the provisions of Section 18-182 of the Property Tax Code and
7 Section 40 of the Local Option School District Income Tax Act
8 relative to abatement in the extension of taxes levied by
9 school districts in which the tax authorized by the Local
10 Option School District Income Tax Act is imposed, levied, and
11 collected.

12 (Source: P.A. 90-320, eff. 1-1-98.)

13 (35 ILCS 200/18-182 new)

14 Sec. 18-182. Abatement; local income tax for schools.
15 With respect to a school district in which the local income
16 tax for schools is imposed under the Local Option School
17 District Income Tax Act, the county clerk of a county in
18 which all or any part of the district is located shall abate
19 the extension against residential property located in the
20 district and county of taxes levied by the district for
21 educational, operations and maintenance, and transportation
22 purposes as provided in and subject to the requirements of
23 Section 40 of that Act. As used in this Section, the term
24 "residential property" has the meaning ascribed to it in
25 Section 5 of the Local Option School District Income Tax Act.

26 (35 ILCS 200/18-185)

27 Sec. 18-185. Short title; definitions. This Division 5
28 may be cited as the Property Tax Extension Limitation Law.
29 As used in this Division 5:

30 "Consumer Price Index" means the Consumer Price Index for
31 All Urban Consumers for all items published by the United
32 States Department of Labor.

1 "Extension limitation" means (a) the lesser of 5% or the
2 percentage increase in the Consumer Price Index during the
3 12-month calendar year preceding the levy year or (b) the
4 rate of increase approved by voters under Section 18-205.

5 "Affected county" means a county of 3,000,000 or more
6 inhabitants or a county contiguous to a county of 3,000,000
7 or more inhabitants.

8 "Taxing district" has the same meaning provided in
9 Section 1-150, except as otherwise provided in this Section.
10 For the 1991 through 1994 levy years only, "taxing district"
11 includes only each non-home rule taxing district having the
12 majority of its 1990 equalized assessed value within any
13 county or counties contiguous to a county with 3,000,000 or
14 more inhabitants. Beginning with the 1995 levy year, "taxing
15 district" includes only each non-home rule taxing district
16 subject to this Law before the 1995 levy year and each
17 non-home rule taxing district not subject to this Law before
18 the 1995 levy year having the majority of its 1994 equalized
19 assessed value in an affected county or counties. Beginning
20 with the levy year in which this Law becomes applicable to a
21 taxing district as provided in Section 18-213, "taxing
22 district" also includes those taxing districts made subject
23 to this Law as provided in Section 18-213.

24 "Aggregate extension" for taxing districts to which this
25 Law applied before the 1995 levy year means the annual
26 corporate extension for the taxing district and those special
27 purpose extensions that are made annually for the taxing
28 district, excluding special purpose extensions: (a) made for
29 the taxing district to pay interest or principal on general
30 obligation bonds that were approved by referendum; (b) made
31 for any taxing district to pay interest or principal on
32 general obligation bonds issued before October 1, 1991; (c)
33 made for any taxing district to pay interest or principal on
34 bonds issued to refund or continue to refund those bonds

1 issued before October 1, 1991; (d) made for any taxing
2 district to pay interest or principal on bonds issued to
3 refund or continue to refund bonds issued after October 1,
4 1991 that were approved by referendum; (e) made for any
5 taxing district to pay interest or principal on revenue bonds
6 issued before October 1, 1991 for payment of which a property
7 tax levy or the full faith and credit of the unit of local
8 government is pledged; however, a tax for the payment of
9 interest or principal on those bonds shall be made only after
10 the governing body of the unit of local government finds that
11 all other sources for payment are insufficient to make those
12 payments; (f) made for payments under a building commission
13 lease when the lease payments are for the retirement of bonds
14 issued by the commission before October 1, 1991, to pay for
15 the building project; (g) made for payments due under
16 installment contracts entered into before October 1, 1991;
17 (h) made for payments of principal and interest on bonds
18 issued under the Metropolitan Water Reclamation District Act
19 to finance construction projects initiated before October 1,
20 1991; (i) made for payments of principal and interest on
21 limited bonds, as defined in Section 3 of the Local
22 Government Debt Reform Act, in an amount not to exceed the
23 debt service extension base less the amount in items (b),
24 (c), (e), and (h) of this definition for non-referendum
25 obligations, except obligations initially issued pursuant to
26 referendum; (j) made for payments of principal and interest
27 on bonds issued under Section 15 of the Local Government Debt
28 Reform Act; and (k) made by a school district that
29 participates in the Special Education District of Lake
30 County, created by special education joint agreement under
31 Section 10-22.31 of the School Code, for payment of the
32 school district's share of the amounts required to be
33 contributed by the Special Education District of Lake County
34 to the Illinois Municipal Retirement Fund under Article 7 of

1 the Illinois Pension Code; the amount of any extension under
2 this item (k) shall be certified by the school district to
3 the county clerk; and (l) made by a school district to
4 replace revenues lost as a result of the repeal of the local
5 income tax for schools as formerly imposed by the district
6 under the Local Option School District Income Tax Act.

7 "Aggregate extension" for the taxing districts to which
8 this Law did not apply before the 1995 levy year (except
9 taxing districts subject to this Law in accordance with
10 Section 18-213) means the annual corporate extension for the
11 taxing district and those special purpose extensions that are
12 made annually for the taxing district, excluding special
13 purpose extensions: (a) made for the taxing district to pay
14 interest or principal on general obligation bonds that were
15 approved by referendum; (b) made for any taxing district to
16 pay interest or principal on general obligation bonds issued
17 before March 1, 1995; (c) made for any taxing district to pay
18 interest or principal on bonds issued to refund or continue
19 to refund those bonds issued before March 1, 1995; (d) made
20 for any taxing district to pay interest or principal on bonds
21 issued to refund or continue to refund bonds issued after
22 March 1, 1995 that were approved by referendum; (e) made for
23 any taxing district to pay interest or principal on revenue
24 bonds issued before March 1, 1995 for payment of which a
25 property tax levy or the full faith and credit of the unit of
26 local government is pledged; however, a tax for the payment
27 of interest or principal on those bonds shall be made only
28 after the governing body of the unit of local government
29 finds that all other sources for payment are insufficient to
30 make those payments; (f) made for payments under a building
31 commission lease when the lease payments are for the
32 retirement of bonds issued by the commission before March 1,
33 1995 to pay for the building project; (g) made for payments
34 due under installment contracts entered into before March 1,

1 1995; (h) made for payments of principal and interest on
2 bonds issued under the Metropolitan Water Reclamation
3 District Act to finance construction projects initiated
4 before October 1, 1991; (i) made for payments of principal
5 and interest on limited bonds, as defined in Section 3 of the
6 Local Government Debt Reform Act, in an amount not to exceed
7 the debt service extension base less the amount in items (b),
8 (c), and (e) of this definition for non-referendum
9 obligations, except obligations initially issued pursuant to
10 referendum and bonds described in subsection (h) of this
11 definition; (j) made for payments of principal and interest
12 on bonds issued under Section 15 of the Local Government Debt
13 Reform Act; (k) made for payments of principal and interest
14 on bonds authorized by Public Act 88-503 and issued under
15 Section 20a of the Chicago Park District Act for aquarium or
16 museum projects; (l) made for payments of principal and
17 interest on bonds authorized by Public Act 87-1191 and issued
18 under Section 42 of the Cook County Forest Preserve District
19 Act for zoological park projects; and (m) made pursuant to
20 Section 34-53.5 of the School Code, whether levied annually
21 or not; and (n) made by a school district to replace revenues
22 lost as a result of the repeal of the local income tax for
23 schools as formerly imposed by the district under the Local
24 Option School District Income Tax Act.

25 "Aggregate extension" for all taxing districts to which
26 this Law applies in accordance with Section 18-213, except
27 for those taxing districts subject to paragraph (2) of
28 subsection (e) of Section 18-213, means the annual corporate
29 extension for the taxing district and those special purpose
30 extensions that are made annually for the taxing district,
31 excluding special purpose extensions: (a) made for the taxing
32 district to pay interest or principal on general obligation
33 bonds that were approved by referendum; (b) made for any
34 taxing district to pay interest or principal on general

1 obligation bonds issued before the date on which the
2 referendum making this Law applicable to the taxing district
3 is held; (c) made for any taxing district to pay interest or
4 principal on bonds issued to refund or continue to refund
5 those bonds issued before the date on which the referendum
6 making this Law applicable to the taxing district is held;
7 (d) made for any taxing district to pay interest or principal
8 on bonds issued to refund or continue to refund bonds issued
9 after the date on which the referendum making this Law
10 applicable to the taxing district is held if the bonds were
11 approved by referendum after the date on which the referendum
12 making this Law applicable to the taxing district is held;
13 (e) made for any taxing district to pay interest or principal
14 on revenue bonds issued before the date on which the
15 referendum making this Law applicable to the taxing district
16 is held for payment of which a property tax levy or the full
17 faith and credit of the unit of local government is pledged;
18 however, a tax for the payment of interest or principal on
19 those bonds shall be made only after the governing body of
20 the unit of local government finds that all other sources for
21 payment are insufficient to make those payments; (f) made for
22 payments under a building commission lease when the lease
23 payments are for the retirement of bonds issued by the
24 commission before the date on which the referendum making
25 this Law applicable to the taxing district is held to pay for
26 the building project; (g) made for payments due under
27 installment contracts entered into before the date on which
28 the referendum making this Law applicable to the taxing
29 district is held; (h) made for payments of principal and
30 interest on limited bonds, as defined in Section 3 of the
31 Local Government Debt Reform Act, in an amount not to exceed
32 the debt service extension base less the amount in items (b),
33 (c), and (e) of this definition for non-referendum
34 obligations, except obligations initially issued pursuant to

1 referendum; (i) made for payments of principal and interest
2 on bonds issued under Section 15 of the Local Government Debt
3 Reform Act; and (j) made for a qualified airport authority to
4 pay interest or principal on general obligation bonds issued
5 for the purpose of paying obligations due under, or financing
6 airport facilities required to be acquired, constructed,
7 installed or equipped pursuant to, contracts entered into
8 before March 1, 1996 (but not including any amendments to
9 such a contract taking effect on or after that date); and (k)
10 made by a school district to replace revenues lost as a
11 result of the repeal of the local income tax for schools as
12 formerly imposed by the district under the Local Option
13 School District Income Tax Act.

14 "Aggregate extension" for all taxing districts to which
15 this Law applies in accordance with paragraph (2) of
16 subsection (e) of Section 18-213 means the annual corporate
17 extension for the taxing district and those special purpose
18 extensions that are made annually for the taxing district,
19 excluding special purpose extensions: (a) made for the taxing
20 district to pay interest or principal on general obligation
21 bonds that were approved by referendum; (b) made for any
22 taxing district to pay interest or principal on general
23 obligation bonds issued before the effective date of this
24 amendatory Act of 1997; (c) made for any taxing district to
25 pay interest or principal on bonds issued to refund or
26 continue to refund those bonds issued before the effective
27 date of this amendatory Act of 1997; (d) made for any taxing
28 district to pay interest or principal on bonds issued to
29 refund or continue to refund bonds issued after the effective
30 date of this amendatory Act of 1997 if the bonds were
31 approved by referendum after the effective date of this
32 amendatory Act of 1997; (e) made for any taxing district to
33 pay interest or principal on revenue bonds issued before the
34 effective date of this amendatory Act of 1997 for payment of

1 which a property tax levy or the full faith and credit of the
2 unit of local government is pledged; however, a tax for the
3 payment of interest or principal on those bonds shall be made
4 only after the governing body of the unit of local government
5 finds that all other sources for payment are insufficient to
6 make those payments; (f) made for payments under a building
7 commission lease when the lease payments are for the
8 retirement of bonds issued by the commission before the
9 effective date of this amendatory Act of 1997 to pay for the
10 building project; (g) made for payments due under installment
11 contracts entered into before the effective date of this
12 amendatory Act of 1997; (h) made for payments of principal
13 and interest on limited bonds, as defined in Section 3 of the
14 Local Government Debt Reform Act, in an amount not to exceed
15 the debt service extension base less the amount in items (b),
16 (c), and (e) of this definition for non-referendum
17 obligations, except obligations initially issued pursuant to
18 referendum; (i) made for payments of principal and interest
19 on bonds issued under Section 15 of the Local Government Debt
20 Reform Act; and (j) made for a qualified airport authority to
21 pay interest or principal on general obligation bonds issued
22 for the purpose of paying obligations due under, or financing
23 airport facilities required to be acquired, constructed,
24 installed or equipped pursuant to, contracts entered into
25 before March 1, 1996 (but not including any amendments to
26 such a contract taking effect on or after that date); and (k)
27 made by a school district to replace revenues lost as a
28 result of the repeal of the local income tax for schools as
29 formerly imposed by the district under the Local Option
30 School District Income Tax Act.

31 "Debt service extension base" means an amount equal to
32 that portion of the extension for a taxing district for the
33 1994 levy year, or for those taxing districts subject to this
34 Law in accordance with Section 18-213, except for those

1 subject to paragraph (2) of subsection (e) of Section 18-213,
2 for the levy year in which the referendum making this Law
3 applicable to the taxing district is held, or for those
4 taxing districts subject to this Law in accordance with
5 paragraph (2) of subsection (e) of Section 18-213 for the
6 1996 levy year, constituting an extension for payment of
7 principal and interest on bonds issued by the taxing district
8 without referendum, but not including (i) bonds authorized by
9 Public Act 88-503 and issued under Section 20a of the Chicago
10 Park District Act for aquarium and museum projects; (ii)
11 bonds issued under Section 15 of the Local Government Debt
12 Reform Act; or (iii) refunding obligations issued to refund
13 or to continue to refund obligations initially issued
14 pursuant to referendum. The debt service extension base may
15 be established or increased as provided under Section 18-212.

16 "Special purpose extensions" include, but are not limited
17 to, extensions for levies made on an annual basis for
18 unemployment and workers' compensation, self-insurance,
19 contributions to pension plans, and extensions made pursuant
20 to Section 6-601 of the Illinois Highway Code for a road
21 district's permanent road fund whether levied annually or
22 not. The extension for a special service area is not
23 included in the aggregate extension.

24 "Aggregate extension base" means the taxing district's
25 last preceding aggregate extension as adjusted under Sections
26 18-215 through 18-230.

27 "Levy year" has the same meaning as "year" under Section
28 1-155.

29 "New property" means (i) the assessed value, after final
30 board of review or board of appeals action, of new
31 improvements or additions to existing improvements on any
32 parcel of real property that increase the assessed value of
33 that real property during the levy year multiplied by the
34 equalization factor issued by the Department under Section

1 17-30 and (ii) the assessed value, after final board of
2 review or board of appeals action, of real property not
3 exempt from real estate taxation, which real property was
4 exempt from real estate taxation for any portion of the
5 immediately preceding levy year, multiplied by the
6 equalization factor issued by the Department under Section
7 17-30. In addition, the county clerk in a county containing a
8 population of 3,000,000 or more shall include in the 1997
9 recovered tax increment value for any school district, any
10 recovered tax increment value that was applicable to the 1995
11 tax year calculations.

12 "Qualified airport authority" means an airport authority
13 organized under the Airport Authorities Act and located in a
14 county bordering on the State of Wisconsin and having a
15 population in excess of 200,000 and not greater than 500,000.

16 "Recovered tax increment value" means, except as
17 otherwise provided in this paragraph, the amount of the
18 current year's equalized assessed value, in the first year
19 after a municipality terminates the designation of an area as
20 a redevelopment project area previously established under the
21 Tax Increment Allocation Development Act in the Illinois
22 Municipal Code, previously established under the Industrial
23 Jobs Recovery Law in the Illinois Municipal Code, or
24 previously established under the Economic Development Area
25 Tax Increment Allocation Act, of each taxable lot, block,
26 tract, or parcel of real property in the redevelopment
27 project area over and above the initial equalized assessed
28 value of each property in the redevelopment project area. For
29 the taxes which are extended for the 1997 levy year, the
30 recovered tax increment value for a non-home rule taxing
31 district that first became subject to this Law for the 1995
32 levy year because a majority of its 1994 equalized assessed
33 value was in an affected county or counties shall be
34 increased if a municipality terminated the designation of an

1 area in 1993 as a redevelopment project area previously
2 established under the Tax Increment Allocation Development
3 Act in the Illinois Municipal Code, previously established
4 under the Industrial Jobs Recovery Law in the Illinois
5 Municipal Code, or previously established under the Economic
6 Development Area Tax Increment Allocation Act, by an amount
7 equal to the 1994 equalized assessed value of each taxable
8 lot, block, tract, or parcel of real property in the
9 redevelopment project area over and above the initial
10 equalized assessed value of each property in the
11 redevelopment project area. In the first year after a
12 municipality removes a taxable lot, block, tract, or parcel
13 of real property from a redevelopment project area
14 established under the Tax Increment Allocation Development
15 Act in the Illinois Municipal Code, the Industrial Jobs
16 Recovery Law in the Illinois Municipal Code, or the Economic
17 Development Area Tax Increment Allocation Act, "recovered tax
18 increment value" means the amount of the current year's
19 equalized assessed value of each taxable lot, block, tract,
20 or parcel of real property removed from the redevelopment
21 project area over and above the initial equalized assessed
22 value of that real property before removal from the
23 redevelopment project area.

24 Except as otherwise provided in this Section, "limiting
25 rate" means a fraction the numerator of which is the last
26 preceding aggregate extension base times an amount equal to
27 one plus the extension limitation defined in this Section and
28 the denominator of which is the current year's equalized
29 assessed value of all real property in the territory under
30 the jurisdiction of the taxing district during the prior levy
31 year. For those taxing districts that reduced their
32 aggregate extension for the last preceding levy year, the
33 highest aggregate extension in any of the last 3 preceding
34 levy years shall be used for the purpose of computing the

1 limiting rate. The denominator shall not include new
2 property. The denominator shall not include the recovered
3 tax increment value.

4 (Source: P.A. 91-357, eff. 7-29-99; 91-478, eff. 11-1-99;
5 92-547, eff. 6-13-02.)

6 Section 115. The School Code is amended by changing
7 Section 18-8.05 as follows:

8 (105 ILCS 5/18-8.05)

9 Sec. 18-8.05. Basis for apportionment of general State
10 financial aid and supplemental general State aid to the
11 common schools for the 1998-1999 and subsequent school years.

12 (A) General Provisions.

13 (1) The provisions of this Section apply to the
14 1998-1999 and subsequent school years. The system of general
15 State financial aid provided for in this Section is designed
16 to assure that, through a combination of State financial aid
17 and required local resources, the financial support provided
18 each pupil in Average Daily Attendance equals or exceeds a
19 prescribed per pupil Foundation Level. This formula approach
20 imputes a level of per pupil Available Local Resources and
21 provides for the basis to calculate a per pupil level of
22 general State financial aid that, when added to Available
23 Local Resources, equals or exceeds the Foundation Level. The
24 amount of per pupil general State financial aid for school
25 districts, in general, varies in inverse relation to
26 Available Local Resources. Per pupil amounts are based upon
27 each school district's Average Daily Attendance as that term
28 is defined in this Section.

29 (2) In addition to general State financial aid, school
30 districts with specified levels or concentrations of pupils
31 from low income households are eligible to receive
32 supplemental general State financial aid grants as provided

1 pursuant to subsection (H). The supplemental State aid grants
2 provided for school districts under subsection (H) shall be
3 appropriated for distribution to school districts as part of
4 the same line item in which the general State financial aid
5 of school districts is appropriated under this Section.

6 (3) To receive financial assistance under this Section,
7 school districts are required to file claims with the State
8 Board of Education, subject to the following requirements:

9 (a) Any school district which fails for any given
10 school year to maintain school as required by law, or to
11 maintain a recognized school is not eligible to file for
12 such school year any claim upon the Common School Fund.
13 In case of nonrecognition of one or more attendance
14 centers in a school district otherwise operating
15 recognized schools, the claim of the district shall be
16 reduced in the proportion which the Average Daily
17 Attendance in the attendance center or centers bear to
18 the Average Daily Attendance in the school district. A
19 "recognized school" means any public school which meets
20 the standards as established for recognition by the State
21 Board of Education. A school district or attendance
22 center not having recognition status at the end of a
23 school term is entitled to receive State aid payments due
24 upon a legal claim which was filed while it was
25 recognized.

26 (b) School district claims filed under this Section
27 are subject to Sections 18-9, 18-10, and 18-12, except as
28 otherwise provided in this Section.

29 (c) If a school district operates a full year
30 school under Section 10-19.1, the general State aid to
31 the school district shall be determined by the State
32 Board of Education in accordance with this Section as
33 near as may be applicable.

34 (d) (Blank).

1 (4) Except as provided in subsections (H) and (L), the
2 board of any district receiving any of the grants provided
3 for in this Section may apply those funds to any fund so
4 received for which that board is authorized to make
5 expenditures by law.

6 School districts are not required to exert a minimum
7 Operating Tax Rate in order to qualify for assistance under
8 this Section.

9 (5) As used in this Section the following terms, when
10 capitalized, shall have the meaning ascribed herein:

11 (a) "Average Daily Attendance": A count of pupil
12 attendance in school, averaged as provided for in
13 subsection (C) and utilized in deriving per pupil
14 financial support levels.

15 (b) "Available Local Resources": A computation of
16 local financial support, calculated on the basis of
17 Average Daily Attendance and derived as provided pursuant
18 to subsection (D).

19 (c) "Corporate Personal Property Replacement
20 Taxes": Funds paid to local school districts pursuant to
21 "An Act in relation to the abolition of ad valorem
22 personal property tax and the replacement of revenues
23 lost thereby, and amending and repealing certain Acts and
24 parts of Acts in connection therewith", certified August
25 14, 1979, as amended (Public Act 81-1st S.S.-1).

26 (d) "Foundation Level": A prescribed level of per
27 pupil financial support as provided for in subsection
28 (B).

29 (e) "Operating Tax Rate": All school district
30 property taxes extended for all purposes, except Bond and
31 Interest, Summer School, Rent, Capital Improvement, and
32 Vocational Education Building purposes.

33 (6) Notwithstanding any provision of the Local Option
34 School District Income Tax Act, the adoption or failure to

1 adopt a local income tax for schools and any disbursement of
2 funds or abatement in the extension of real property taxes
3 resulting from the adoption and imposition of a local income
4 tax for schools by one or more school districts under the
5 Local Option School District Income Tax Act shall not affect
6 the computation or distribution of State aid for any school
7 district, and all computations of State aid and all other
8 distributions of State funds to school districts shall
9 proceed without regard to changes in school funding provided
10 in the Local Option School District Income Tax Act.

11 (B) Foundation Level.

12 (1) The Foundation Level is a figure established by the
13 State representing the minimum level of per pupil financial
14 support that should be available to provide for the basic
15 education of each pupil in Average Daily Attendance. As set
16 forth in this Section, each school district is assumed to
17 exert a sufficient local taxing effort such that, in
18 combination with the aggregate of general State financial aid
19 provided the district, an aggregate of State and local
20 resources are available to meet the basic education needs of
21 pupils in the district.

22 (2) For the 1998-1999 school year, the Foundation Level
23 of support is \$4,225. For the 1999-2000 school year, the
24 Foundation Level of support is \$4,325. For the 2000-2001
25 school year, the Foundation Level of support is \$4,425.

26 (3) For the 2001-2002 school year and each school year
27 thereafter, the Foundation Level of support is \$4,560 or such
28 greater amount as may be established by law by the General
29 Assembly.

30 (C) Average Daily Attendance.

31 (1) For purposes of calculating general State aid
32 pursuant to subsection (E), an Average Daily Attendance
33 figure shall be utilized. The Average Daily Attendance

1 figure for formula calculation purposes shall be the monthly
2 average of the actual number of pupils in attendance of each
3 school district, as further averaged for the best 3 months of
4 pupil attendance for each school district. In compiling the
5 figures for the number of pupils in attendance, school
6 districts and the State Board of Education shall, for
7 purposes of general State aid funding, conform attendance
8 figures to the requirements of subsection (F).

9 (2) The Average Daily Attendance figures utilized in
10 subsection (E) shall be the requisite attendance data for the
11 school year immediately preceding the school year for which
12 general State aid is being calculated or the average of the
13 attendance data for the 3 preceding school years, whichever
14 is greater. The Average Daily Attendance figures utilized in
15 subsection (H) shall be the requisite attendance data for the
16 school year immediately preceding the school year for which
17 general State aid is being calculated.

18 (D) Available Local Resources.

19 (1) For purposes of calculating general State aid
20 pursuant to subsection (E), a representation of Available
21 Local Resources per pupil, as that term is defined and
22 determined in this subsection, shall be utilized. Available
23 Local Resources per pupil shall include a calculated dollar
24 amount representing local school district revenues from local
25 property taxes and from Corporate Personal Property
26 Replacement Taxes, expressed on the basis of pupils in
27 Average Daily Attendance.

28 (2) In determining a school district's revenue from
29 local property taxes, the State Board of Education shall
30 utilize the equalized assessed valuation of all taxable
31 property of each school district as of September 30 of the
32 previous year. The equalized assessed valuation utilized
33 shall be obtained and determined as provided in subsection
34 (G).

1 (3) For school districts maintaining grades kindergarten
2 through 12, local property tax revenues per pupil shall be
3 calculated as the product of the applicable equalized
4 assessed valuation for the district multiplied by 3.00%, and
5 divided by the district's Average Daily Attendance figure.
6 For school districts maintaining grades kindergarten through
7 8, local property tax revenues per pupil shall be calculated
8 as the product of the applicable equalized assessed valuation
9 for the district multiplied by 2.30%, and divided by the
10 district's Average Daily Attendance figure. For school
11 districts maintaining grades 9 through 12, local property tax
12 revenues per pupil shall be the applicable equalized assessed
13 valuation of the district multiplied by 1.05%, and divided by
14 the district's Average Daily Attendance figure.

15 (4) The Corporate Personal Property Replacement Taxes
16 paid to each school district during the calendar year 2 years
17 before the calendar year in which a school year begins,
18 divided by the Average Daily Attendance figure for that
19 district, shall be added to the local property tax revenues
20 per pupil as derived by the application of the immediately
21 preceding paragraph (3). The sum of these per pupil figures
22 for each school district shall constitute Available Local
23 Resources as that term is utilized in subsection (E) in the
24 calculation of general State aid.

25 (E) Computation of General State Aid.

26 (1) For each school year, the amount of general State
27 aid allotted to a school district shall be computed by the
28 State Board of Education as provided in this subsection.

29 (2) For any school district for which Available Local
30 Resources per pupil is less than the product of 0.93 times
31 the Foundation Level, general State aid for that district
32 shall be calculated as an amount equal to the Foundation
33 Level minus Available Local Resources, multiplied by the
34 Average Daily Attendance of the school district.

1 (3) For any school district for which Available Local
2 Resources per pupil is equal to or greater than the product
3 of 0.93 times the Foundation Level and less than the product
4 of 1.75 times the Foundation Level, the general State aid per
5 pupil shall be a decimal proportion of the Foundation Level
6 derived using a linear algorithm. Under this linear
7 algorithm, the calculated general State aid per pupil shall
8 decline in direct linear fashion from 0.07 times the
9 Foundation Level for a school district with Available Local
10 Resources equal to the product of 0.93 times the Foundation
11 Level, to 0.05 times the Foundation Level for a school
12 district with Available Local Resources equal to the product
13 of 1.75 times the Foundation Level. The allocation of
14 general State aid for school districts subject to this
15 paragraph 3 shall be the calculated general State aid per
16 pupil figure multiplied by the Average Daily Attendance of
17 the school district.

18 (4) For any school district for which Available Local
19 Resources per pupil equals or exceeds the product of 1.75
20 times the Foundation Level, the general State aid for the
21 school district shall be calculated as the product of \$218
22 multiplied by the Average Daily Attendance of the school
23 district.

24 (5) The amount of general State aid allocated to a
25 school district for the 1999-2000 school year meeting the
26 requirements set forth in paragraph (4) of subsection (G)
27 shall be increased by an amount equal to the general State
28 aid that would have been received by the district for the
29 1998-1999 school year by utilizing the Extension Limitation
30 Equalized Assessed Valuation as calculated in paragraph (4)
31 of subsection (G) less the general State aid allotted for the
32 1998-1999 school year. This amount shall be deemed a one
33 time increase, and shall not affect any future general State
34 aid allocations.

1 (F) Compilation of Average Daily Attendance.

2 (1) Each school district shall, by July 1 of each year,
3 submit to the State Board of Education, on forms prescribed
4 by the State Board of Education, attendance figures for the
5 school year that began in the preceding calendar year. The
6 attendance information so transmitted shall identify the
7 average daily attendance figures for each month of the school
8 year. Beginning with the general State aid claim form for
9 the 2002-2003 school year, districts shall calculate Average
10 Daily Attendance as provided in subdivisions (a), (b), and
11 (c) of this paragraph (1).

12 (a) In districts that do not hold year-round
13 classes, days of attendance in August shall be added to
14 the month of September and any days of attendance in June
15 shall be added to the month of May.

16 (b) In districts in which all buildings hold
17 year-round classes, days of attendance in July and August
18 shall be added to the month of September and any days of
19 attendance in June shall be added to the month of May.

20 (c) In districts in which some buildings, but not
21 all, hold year-round classes, for the non-year-round
22 buildings, days of attendance in August shall be added to
23 the month of September and any days of attendance in June
24 shall be added to the month of May. The average daily
25 attendance for the year-round buildings shall be computed
26 as provided in subdivision (b) of this paragraph (1). To
27 calculate the Average Daily Attendance for the district,
28 the average daily attendance for the year-round buildings
29 shall be multiplied by the days in session for the
30 non-year-round buildings for each month and added to the
31 monthly attendance of the non-year-round buildings.

32 Except as otherwise provided in this Section, days of
33 attendance by pupils shall be counted only for sessions of
34 not less than 5 clock hours of school work per day under

1 direct supervision of: (i) teachers, or (ii) non-teaching
2 personnel or volunteer personnel when engaging in
3 non-teaching duties and supervising in those instances
4 specified in subsection (a) of Section 10-22.34 and paragraph
5 10 of Section 34-18, with pupils of legal school age and in
6 kindergarten and grades 1 through 12.

7 Days of attendance by tuition pupils shall be accredited
8 only to the districts that pay the tuition to a recognized
9 school.

10 (2) Days of attendance by pupils of less than 5 clock
11 hours of school shall be subject to the following provisions
12 in the compilation of Average Daily Attendance.

13 (a) Pupils regularly enrolled in a public school
14 for only a part of the school day may be counted on the
15 basis of 1/6 day for every class hour of instruction of
16 40 minutes or more attended pursuant to such enrollment,
17 unless a pupil is enrolled in a block-schedule format of
18 80 minutes or more of instruction, in which case the
19 pupil may be counted on the basis of the proportion of
20 minutes of school work completed each day to the minimum
21 number of minutes that school work is required to be held
22 that day.

23 (b) Days of attendance may be less than 5 clock
24 hours on the opening and closing of the school term, and
25 upon the first day of pupil attendance, if preceded by a
26 day or days utilized as an institute or teachers'
27 workshop.

28 (c) A session of 4 or more clock hours may be
29 counted as a day of attendance upon certification by the
30 regional superintendent, and approved by the State
31 Superintendent of Education to the extent that the
32 district has been forced to use daily multiple sessions.

33 (d) A session of 3 or more clock hours may be
34 counted as a day of attendance (1) when the remainder of

1 the school day or at least 2 hours in the evening of that
2 day is utilized for an in-service training program for
3 teachers, up to a maximum of 5 days per school year of
4 which a maximum of 4 days of such 5 days may be used for
5 parent-teacher conferences, provided a district conducts
6 an in-service training program for teachers which has
7 been approved by the State Superintendent of Education;
8 or, in lieu of 4 such days, 2 full days may be used, in
9 which event each such day may be counted as a day of
10 attendance; and (2) when days in addition to those
11 provided in item (1) are scheduled by a school pursuant
12 to its school improvement plan adopted under Article 34
13 or its revised or amended school improvement plan adopted
14 under Article 2, provided that (i) such sessions of 3 or
15 more clock hours are scheduled to occur at regular
16 intervals, (ii) the remainder of the school days in which
17 such sessions occur are utilized for in-service training
18 programs or other staff development activities for
19 teachers, and (iii) a sufficient number of minutes of
20 school work under the direct supervision of teachers are
21 added to the school days between such regularly scheduled
22 sessions to accumulate not less than the number of
23 minutes by which such sessions of 3 or more clock hours
24 fall short of 5 clock hours. Any full days used for the
25 purposes of this paragraph shall not be considered for
26 computing average daily attendance. Days scheduled for
27 in-service training programs, staff development
28 activities, or parent-teacher conferences may be
29 scheduled separately for different grade levels and
30 different attendance centers of the district.

31 (e) A session of not less than one clock hour of
32 teaching hospitalized or homebound pupils on-site or by
33 telephone to the classroom may be counted as 1/2 day of
34 attendance, however these pupils must receive 4 or more

1 clock hours of instruction to be counted for a full day
2 of attendance.

3 (f) A session of at least 4 clock hours may be
4 counted as a day of attendance for first grade pupils,
5 and pupils in full day kindergartens, and a session of 2
6 or more hours may be counted as 1/2 day of attendance by
7 pupils in kindergartens which provide only 1/2 day of
8 attendance.

9 (g) For children with disabilities who are below
10 the age of 6 years and who cannot attend 2 or more clock
11 hours because of their disability or immaturity, a
12 session of not less than one clock hour may be counted as
13 1/2 day of attendance; however for such children whose
14 educational needs so require a session of 4 or more clock
15 hours may be counted as a full day of attendance.

16 (h) A recognized kindergarten which provides for
17 only 1/2 day of attendance by each pupil shall not have
18 more than 1/2 day of attendance counted in any one day.
19 However, kindergartens may count 2 1/2 days of attendance
20 in any 5 consecutive school days. When a pupil attends
21 such a kindergarten for 2 half days on any one school
22 day, the pupil shall have the following day as a day
23 absent from school, unless the school district obtains
24 permission in writing from the State Superintendent of
25 Education. Attendance at kindergartens which provide for
26 a full day of attendance by each pupil shall be counted
27 the same as attendance by first grade pupils. Only the
28 first year of attendance in one kindergarten shall be
29 counted, except in case of children who entered the
30 kindergarten in their fifth year whose educational
31 development requires a second year of kindergarten as
32 determined under the rules and regulations of the State
33 Board of Education.

34 (G) Equalized Assessed Valuation Data.

1 (1) For purposes of the calculation of Available Local
2 Resources required pursuant to subsection (D), the State
3 Board of Education shall secure from the Department of
4 Revenue the value as equalized or assessed by the Department
5 of Revenue of all taxable property of every school district,
6 together with (i) the applicable tax rate used in extending
7 taxes for the funds of the district as of September 30 of the
8 previous year and (ii) the limiting rate for all school
9 districts subject to property tax extension limitations as
10 imposed under the Property Tax Extension Limitation Law.

11 This equalized assessed valuation, as adjusted further by
12 the requirements of this subsection, shall be utilized in the
13 calculation of Available Local Resources.

14 (2) The equalized assessed valuation in paragraph (1)
15 shall be adjusted, as applicable, in the following manner:

16 (a) For the purposes of calculating State aid under
17 this Section, with respect to any part of a school
18 district within a redevelopment project area in respect
19 to which a municipality has adopted tax increment
20 allocation financing pursuant to the Tax Increment
21 Allocation Redevelopment Act, Sections 11-74.4-1 through
22 11-74.4-11 of the Illinois Municipal Code or the
23 Industrial Jobs Recovery Law, Sections 11-74.6-1 through
24 11-74.6-50 of the Illinois Municipal Code, no part of the
25 current equalized assessed valuation of real property
26 located in any such project area which is attributable to
27 an increase above the total initial equalized assessed
28 valuation of such property shall be used as part of the
29 equalized assessed valuation of the district, until such
30 time as all redevelopment project costs have been paid,
31 as provided in Section 11-74.4-8 of the Tax Increment
32 Allocation Redevelopment Act or in Section 11-74.6-35 of
33 the Industrial Jobs Recovery Law. For the purpose of the
34 equalized assessed valuation of the district, the total

1 initial equalized assessed valuation or the current
2 equalized assessed valuation, whichever is lower, shall
3 be used until such time as all redevelopment project
4 costs have been paid.

5 (b) The real property equalized assessed valuation
6 for a school district shall be adjusted by subtracting
7 from the real property value as equalized or assessed by
8 the Department of Revenue for the district an amount
9 computed by dividing the amount of any abatement of taxes
10 under Section 18-170 of the Property Tax Code by 3.00%
11 for a district maintaining grades kindergarten through
12 12, by 2.30% for a district maintaining grades
13 kindergarten through 8, or by 1.05% for a district
14 maintaining grades 9 through 12 and adjusted by an amount
15 computed by dividing the amount of any abatement of taxes
16 under subsection (a) of Section 18-165 of the Property
17 Tax Code by the same percentage rates for district type
18 as specified in this subparagraph (b).

19 (3) For the 1999-2000 school year and each school year
20 thereafter, if a school district meets all of the criteria of
21 this subsection (G)(3), the school district's Available Local
22 Resources shall be calculated under subsection (D) using the
23 district's Extension Limitation Equalized Assessed Valuation
24 as calculated under this subsection (G)(3).

25 For purposes of this subsection (G)(3) the following
26 terms shall have the following meanings:

27 "Budget Year": The school year for which general
28 State aid is calculated and awarded under subsection (E).

29 "Base Tax Year": The property tax levy year used to
30 calculate the Budget Year allocation of general State
31 aid.

32 "Preceding Tax Year": The property tax levy year
33 immediately preceding the Base Tax Year.

34 "Base Tax Year's Tax Extension": The product of the

1 equalized assessed valuation utilized by the County Clerk
2 in the Base Tax Year multiplied by the limiting rate as
3 calculated by the County Clerk and defined in the
4 Property Tax Extension Limitation Law.

5 "Preceding Tax Year's Tax Extension": The product of
6 the equalized assessed valuation utilized by the County
7 Clerk in the Preceding Tax Year multiplied by the
8 Operating Tax Rate as defined in subsection (A).

9 "Extension Limitation Ratio": A numerical ratio,
10 certified by the County Clerk, in which the numerator is
11 the Base Tax Year's Tax Extension and the denominator is
12 the Preceding Tax Year's Tax Extension.

13 "Operating Tax Rate": The operating tax rate as
14 defined in subsection (A).

15 If a school district is subject to property tax extension
16 limitations as imposed under the Property Tax Extension
17 Limitation Law, the State Board of Education shall calculate
18 the Extension Limitation Equalized Assessed Valuation of that
19 district. For the 1999-2000 school year, the Extension
20 Limitation Equalized Assessed Valuation of a school district
21 as calculated by the State Board of Education shall be equal
22 to the product of the district's 1996 Equalized Assessed
23 Valuation and the district's Extension Limitation Ratio. For
24 the 2000-2001 school year and each school year thereafter,
25 the Extension Limitation Equalized Assessed Valuation of a
26 school district as calculated by the State Board of Education
27 shall be equal to the product of the Equalized Assessed
28 Valuation last used in the calculation of general State aid
29 and the district's Extension Limitation Ratio. If the
30 Extension Limitation Equalized Assessed Valuation of a school
31 district as calculated under this subsection (G)(3) is less
32 than the district's equalized assessed valuation as
33 calculated pursuant to subsections (G)(1) and (G)(2), then
34 for purposes of calculating the district's general State aid

1 for the Budget Year pursuant to subsection (E), that
2 Extension Limitation Equalized Assessed Valuation shall be
3 utilized to calculate the district's Available Local
4 Resources under subsection (D).

5 (4) For the purposes of calculating general State aid
6 for the 1999-2000 school year only, if a school district
7 experienced a triennial reassessment on the equalized
8 assessed valuation used in calculating its general State
9 financial aid apportionment for the 1998-1999 school year,
10 the State Board of Education shall calculate the Extension
11 Limitation Equalized Assessed Valuation that would have been
12 used to calculate the district's 1998-1999 general State aid.
13 This amount shall equal the product of the equalized assessed
14 valuation used to calculate general State aid for the
15 1997-1998 school year and the district's Extension Limitation
16 Ratio. If the Extension Limitation Equalized Assessed
17 Valuation of the school district as calculated under this
18 paragraph (4) is less than the district's equalized assessed
19 valuation utilized in calculating the district's 1998-1999
20 general State aid allocation, then for purposes of
21 calculating the district's general State aid pursuant to
22 paragraph (5) of subsection (E), that Extension Limitation
23 Equalized Assessed Valuation shall be utilized to calculate
24 the district's Available Local Resources.

25 (5) For school districts having a majority of their
26 equalized assessed valuation in any county except Cook,
27 DuPage, Kane, Lake, McHenry, or Will, if the amount of
28 general State aid allocated to the school district for the
29 1999-2000 school year under the provisions of subsection (E),
30 (H), and (J) of this Section is less than the amount of
31 general State aid allocated to the district for the 1998-1999
32 school year under these subsections, then the general State
33 aid of the district for the 1999-2000 school year only shall
34 be increased by the difference between these amounts. The

1 total payments made under this paragraph (5) shall not exceed
2 \$14,000,000. Claims shall be prorated if they exceed
3 \$14,000,000.

4 (H) Supplemental General State Aid.

5 (1) In addition to the general State aid a school
6 district is allotted pursuant to subsection (E), qualifying
7 school districts shall receive a grant, paid in conjunction
8 with a district's payments of general State aid, for
9 supplemental general State aid based upon the concentration
10 level of children from low-income households within the
11 school district. Supplemental State aid grants provided for
12 school districts under this subsection shall be appropriated
13 for distribution to school districts as part of the same line
14 item in which the general State financial aid of school
15 districts is appropriated under this Section. For purposes of
16 this subsection, the term "Low-Income Concentration Level"
17 shall be the low-income eligible pupil count from the most
18 recently available federal census divided by the Average
19 Daily Attendance of the school district. If, however, (i) the
20 percentage decrease from the 2 most recent federal censuses
21 in the low-income eligible pupil count of a high school
22 district with fewer than 400 students exceeds by 75% or more
23 the percentage change in the total low-income eligible pupil
24 count of contiguous elementary school districts, whose
25 boundaries are coterminous with the high school district, or
26 (ii) a high school district within 2 counties and serving 5
27 elementary school districts, whose boundaries are coterminous
28 with the high school district, has a percentage decrease from
29 the 2 most recent federal censuses in the low-income eligible
30 pupil count and there is a percentage increase in the total
31 low-income eligible pupil count of a majority of the
32 elementary school districts in excess of 50% from the 2 most
33 recent federal censuses, then the high school district's
34 low-income eligible pupil count from the earlier federal

1 census shall be the number used as the low-income eligible
2 pupil count for the high school district, for purposes of
3 this subsection (H). The changes made to this paragraph (1)
4 by Public Act 92-28 shall apply to supplemental general State
5 aid grants paid in fiscal year 1999 and in each fiscal year
6 thereafter and to any State aid payments made in fiscal year
7 1994 through fiscal year 1998 pursuant to subsection 1(n) of
8 Section 18-8 of this Code (which was repealed on July 1,
9 1998), and any high school district that is affected by
10 Public Act 92-28 is entitled to a recomputation of its
11 supplemental general State aid grant or State aid paid in any
12 of those fiscal years. This recomputation shall not be
13 affected by any other funding.

14 (2) Supplemental general State aid pursuant to this
15 subsection (H) shall be provided as follows for the
16 1998-1999, 1999-2000, and 2000-2001 school years only:

17 (a) For any school district with a Low Income
18 Concentration Level of at least 20% and less than 35%,
19 the grant for any school year shall be \$800 multiplied by
20 the low income eligible pupil count.

21 (b) For any school district with a Low Income
22 Concentration Level of at least 35% and less than 50%,
23 the grant for the 1998-1999 school year shall be \$1,100
24 multiplied by the low income eligible pupil count.

25 (c) For any school district with a Low Income
26 Concentration Level of at least 50% and less than 60%,
27 the grant for the 1998-99 school year shall be \$1,500
28 multiplied by the low income eligible pupil count.

29 (d) For any school district with a Low Income
30 Concentration Level of 60% or more, the grant for the
31 1998-99 school year shall be \$1,900 multiplied by the low
32 income eligible pupil count.

33 (e) For the 1999-2000 school year, the per pupil
34 amount specified in subparagraphs (b), (c), and (d)

1 immediately above shall be increased to \$1,243, \$1,600,
2 and \$2,000, respectively.

3 (f) For the 2000-2001 school year, the per pupil
4 amounts specified in subparagraphs (b), (c), and (d)
5 immediately above shall be \$1,273, \$1,640, and \$2,050,
6 respectively.

7 (2.5) Supplemental general State aid pursuant to this
8 subsection (H) shall be provided as follows for the 2002-2003
9 school year and each school year thereafter:

10 (a) For any school district with a Low Income
11 Concentration Level of less than 10%, the grant for each
12 school year shall be \$355 multiplied by the low income
13 eligible pupil count.

14 (b) For any school district with a Low Income
15 Concentration Level of at least 10% and less than 20%,
16 the grant for each school year shall be \$675 multiplied
17 by the low income eligible pupil count.

18 (c) For any school district with a Low Income
19 Concentration Level of at least 20% and less than 35%,
20 the grant for each school year shall be \$1,330 multiplied
21 by the low income eligible pupil count.

22 (d) For any school district with a Low Income
23 Concentration Level of at least 35% and less than 50%,
24 the grant for each school year shall be \$1,362 multiplied
25 by the low income eligible pupil count.

26 (e) For any school district with a Low Income
27 Concentration Level of at least 50% and less than 60%,
28 the grant for each school year shall be \$1,680 multiplied
29 by the low income eligible pupil count.

30 (f) For any school district with a Low Income
31 Concentration Level of 60% or more, the grant for each
32 school year shall be \$2,080 multiplied by the low income
33 eligible pupil count.

34 (3) School districts with an Average Daily Attendance of

1 more than 1,000 and less than 50,000 that qualify for
2 supplemental general State aid pursuant to this subsection
3 shall submit a plan to the State Board of Education prior to
4 October 30 of each year for the use of the funds resulting
5 from this grant of supplemental general State aid for the
6 improvement of instruction in which priority is given to
7 meeting the education needs of disadvantaged children. Such
8 plan shall be submitted in accordance with rules and
9 regulations promulgated by the State Board of Education.

10 (4) School districts with an Average Daily Attendance of
11 50,000 or more that qualify for supplemental general State
12 aid pursuant to this subsection shall be required to
13 distribute from funds available pursuant to this Section, no
14 less than \$261,000,000 in accordance with the following
15 requirements:

16 (a) The required amounts shall be distributed to
17 the attendance centers within the district in proportion
18 to the number of pupils enrolled at each attendance
19 center who are eligible to receive free or reduced-price
20 lunches or breakfasts under the federal Child Nutrition
21 Act of 1966 and under the National School Lunch Act
22 during the immediately preceding school year.

23 (b) The distribution of these portions of
24 supplemental and general State aid among attendance
25 centers according to these requirements shall not be
26 compensated for or contravened by adjustments of the
27 total of other funds appropriated to any attendance
28 centers, and the Board of Education shall utilize funding
29 from one or several sources in order to fully implement
30 this provision annually prior to the opening of school.

31 (c) Each attendance center shall be provided by the
32 school district a distribution of noncategorical funds
33 and other categorical funds to which an attendance center
34 is entitled under law in order that the general State aid

1 and supplemental general State aid provided by
2 application of this subsection supplements rather than
3 supplants the noncategorical funds and other categorical
4 funds provided by the school district to the attendance
5 centers.

6 (d) Any funds made available under this subsection
7 that by reason of the provisions of this subsection are
8 not required to be allocated and provided to attendance
9 centers may be used and appropriated by the board of the
10 district for any lawful school purpose.

11 (e) Funds received by an attendance center pursuant
12 to this subsection shall be used by the attendance center
13 at the discretion of the principal and local school
14 council for programs to improve educational opportunities
15 at qualifying schools through the following programs and
16 services: early childhood education, reduced class size
17 or improved adult to student classroom ratio, enrichment
18 programs, remedial assistance, attendance improvement,
19 and other educationally beneficial expenditures which
20 supplement the regular and basic programs as determined
21 by the State Board of Education. Funds provided shall not
22 be expended for any political or lobbying purposes as
23 defined by board rule.

24 (f) Each district subject to the provisions of this
25 subdivision (H)(4) shall submit an acceptable plan to
26 meet the educational needs of disadvantaged children, in
27 compliance with the requirements of this paragraph, to
28 the State Board of Education prior to July 15 of each
29 year. This plan shall be consistent with the decisions of
30 local school councils concerning the school expenditure
31 plans developed in accordance with part 4 of Section
32 34-2.3. The State Board shall approve or reject the plan
33 within 60 days after its submission. If the plan is
34 rejected, the district shall give written notice of

1 intent to modify the plan within 15 days of the
2 notification of rejection and then submit a modified plan
3 within 30 days after the date of the written notice of
4 intent to modify. Districts may amend approved plans
5 pursuant to rules promulgated by the State Board of
6 Education.

7 Upon notification by the State Board of Education
8 that the district has not submitted a plan prior to July
9 15 or a modified plan within the time period specified
10 herein, the State aid funds affected by that plan or
11 modified plan shall be withheld by the State Board of
12 Education until a plan or modified plan is submitted.

13 If the district fails to distribute State aid to
14 attendance centers in accordance with an approved plan,
15 the plan for the following year shall allocate funds, in
16 addition to the funds otherwise required by this
17 subsection, to those attendance centers which were
18 underfunded during the previous year in amounts equal to
19 such underfunding.

20 For purposes of determining compliance with this
21 subsection in relation to the requirements of attendance
22 center funding, each district subject to the provisions
23 of this subsection shall submit as a separate document by
24 December 1 of each year a report of expenditure data for
25 the prior year in addition to any modification of its
26 current plan. If it is determined that there has been a
27 failure to comply with the expenditure provisions of this
28 subsection regarding contravention or supplanting, the
29 State Superintendent of Education shall, within 60 days
30 of receipt of the report, notify the district and any
31 affected local school council. The district shall within
32 45 days of receipt of that notification inform the State
33 Superintendent of Education of the remedial or corrective
34 action to be taken, whether by amendment of the current

1 plan, if feasible, or by adjustment in the plan for the
2 following year. Failure to provide the expenditure
3 report or the notification of remedial or corrective
4 action in a timely manner shall result in a withholding
5 of the affected funds.

6 The State Board of Education shall promulgate rules
7 and regulations to implement the provisions of this
8 subsection. No funds shall be released under this
9 subdivision (H)(4) to any district that has not submitted
10 a plan that has been approved by the State Board of
11 Education.

12 (I) General State Aid for Newly Configured School Districts.

13 (1) For a new school district formed by combining
14 property included totally within 2 or more previously
15 existing school districts, for its first year of existence
16 the general State aid and supplemental general State aid
17 calculated under this Section shall be computed for the new
18 district and for the previously existing districts for which
19 property is totally included within the new district. If the
20 computation on the basis of the previously existing districts
21 is greater, a supplementary payment equal to the difference
22 shall be made for the first 4 years of existence of the new
23 district.

24 (2) For a school district which annexes all of the
25 territory of one or more entire other school districts, for
26 the first year during which the change of boundaries
27 attributable to such annexation becomes effective for all
28 purposes as determined under Section 7-9 or 7A-8, the general
29 State aid and supplemental general State aid calculated under
30 this Section shall be computed for the annexing district as
31 constituted after the annexation and for the annexing and
32 each annexed district as constituted prior to the annexation;
33 and if the computation on the basis of the annexing and
34 annexed districts as constituted prior to the annexation is

1 greater, a supplementary payment equal to the difference
2 shall be made for the first 4 years of existence of the
3 annexing school district as constituted upon such annexation.

4 (3) For 2 or more school districts which annex all of
5 the territory of one or more entire other school districts,
6 and for 2 or more community unit districts which result upon
7 the division (pursuant to petition under Section 11A-2) of
8 one or more other unit school districts into 2 or more parts
9 and which together include all of the parts into which such
10 other unit school district or districts are so divided, for
11 the first year during which the change of boundaries
12 attributable to such annexation or division becomes effective
13 for all purposes as determined under Section 7-9 or 11A-10,
14 as the case may be, the general State aid and supplemental
15 general State aid calculated under this Section shall be
16 computed for each annexing or resulting district as
17 constituted after the annexation or division and for each
18 annexing and annexed district, or for each resulting and
19 divided district, as constituted prior to the annexation or
20 division; and if the aggregate of the general State aid and
21 supplemental general State aid as so computed for the
22 annexing or resulting districts as constituted after the
23 annexation or division is less than the aggregate of the
24 general State aid and supplemental general State aid as so
25 computed for the annexing and annexed districts, or for the
26 resulting and divided districts, as constituted prior to the
27 annexation or division, then a supplementary payment equal to
28 the difference shall be made and allocated between or among
29 the annexing or resulting districts, as constituted upon such
30 annexation or division, for the first 4 years of their
31 existence. The total difference payment shall be allocated
32 between or among the annexing or resulting districts in the
33 same ratio as the pupil enrollment from that portion of the
34 annexed or divided district or districts which is annexed to

1 or included in each such annexing or resulting district bears
2 to the total pupil enrollment from the entire annexed or
3 divided district or districts, as such pupil enrollment is
4 determined for the school year last ending prior to the date
5 when the change of boundaries attributable to the annexation
6 or division becomes effective for all purposes. The amount
7 of the total difference payment and the amount thereof to be
8 allocated to the annexing or resulting districts shall be
9 computed by the State Board of Education on the basis of
10 pupil enrollment and other data which shall be certified to
11 the State Board of Education, on forms which it shall provide
12 for that purpose, by the regional superintendent of schools
13 for each educational service region in which the annexing and
14 annexed districts, or resulting and divided districts are
15 located.

16 (3.5) Claims for financial assistance under this
17 subsection (I) shall not be recomputed except as expressly
18 provided under this Section.

19 (4) Any supplementary payment made under this subsection
20 (I) shall be treated as separate from all other payments made
21 pursuant to this Section.

22 (J) Supplementary Grants in Aid.

23 (1) Notwithstanding any other provisions of this
24 Section, the amount of the aggregate general State aid in
25 combination with supplemental general State aid under this
26 Section for which each school district is eligible shall be
27 no less than the amount of the aggregate general State aid
28 entitlement that was received by the district under Section
29 18-8 (exclusive of amounts received under subsections 5(p)
30 and 5(p-5) of that Section) for the 1997-98 school year,
31 pursuant to the provisions of that Section as it was then in
32 effect. If a school district qualifies to receive a
33 supplementary payment made under this subsection (J), the
34 amount of the aggregate general State aid in combination with

1 supplemental general State aid under this Section which that
2 district is eligible to receive for each school year shall be
3 no less than the amount of the aggregate general State aid
4 entitlement that was received by the district under Section
5 18-8 (exclusive of amounts received under subsections 5(p)
6 and 5(p-5) of that Section) for the 1997-1998 school year,
7 pursuant to the provisions of that Section as it was then in
8 effect.

9 (2) If, as provided in paragraph (1) of this subsection
10 (J), a school district is to receive aggregate general State
11 aid in combination with supplemental general State aid under
12 this Section for the 1998-99 school year and any subsequent
13 school year that in any such school year is less than the
14 amount of the aggregate general State aid entitlement that
15 the district received for the 1997-98 school year, the school
16 district shall also receive, from a separate appropriation
17 made for purposes of this subsection (J), a supplementary
18 payment that is equal to the amount of the difference in the
19 aggregate State aid figures as described in paragraph (1).

20 (3) (Blank).

21 (K) Grants to Laboratory and Alternative Schools.

22 In calculating the amount to be paid to the governing
23 board of a public university that operates a laboratory
24 school under this Section or to any alternative school that
25 is operated by a regional superintendent of schools, the
26 State Board of Education shall require by rule such reporting
27 requirements as it deems necessary.

28 As used in this Section, "laboratory school" means a
29 public school which is created and operated by a public
30 university and approved by the State Board of Education. The
31 governing board of a public university which receives funds
32 from the State Board under this subsection (K) may not
33 increase the number of students enrolled in its laboratory
34 school from a single district, if that district is already

1 sending 50 or more students, except under a mutual agreement
2 between the school board of a student's district of residence
3 and the university which operates the laboratory school. A
4 laboratory school may not have more than 1,000 students,
5 excluding students with disabilities in a special education
6 program.

7 As used in this Section, "alternative school" means a
8 public school which is created and operated by a Regional
9 Superintendent of Schools and approved by the State Board of
10 Education. Such alternative schools may offer courses of
11 instruction for which credit is given in regular school
12 programs, courses to prepare students for the high school
13 equivalency testing program or vocational and occupational
14 training. A regional superintendent of schools may contract
15 with a school district or a public community college district
16 to operate an alternative school. An alternative school
17 serving more than one educational service region may be
18 established by the regional superintendents of schools of the
19 affected educational service regions. An alternative school
20 serving more than one educational service region may be
21 operated under such terms as the regional superintendents of
22 schools of those educational service regions may agree.

23 Each laboratory and alternative school shall file, on
24 forms provided by the State Superintendent of Education, an
25 annual State aid claim which states the Average Daily
26 Attendance of the school's students by month. The best 3
27 months' Average Daily Attendance shall be computed for each
28 school. The general State aid entitlement shall be computed
29 by multiplying the applicable Average Daily Attendance by the
30 Foundation Level as determined under this Section.

31 (L) Payments, Additional Grants in Aid and Other
32 Requirements.

33 (1) For a school district operating under the financial
34 supervision of an Authority created under Article 34A, the

1 general State aid otherwise payable to that district under
2 this Section, but not the supplemental general State aid,
3 shall be reduced by an amount equal to the budget for the
4 operations of the Authority as certified by the Authority to
5 the State Board of Education, and an amount equal to such
6 reduction shall be paid to the Authority created for such
7 district for its operating expenses in the manner provided in
8 Section 18-11. The remainder of general State school aid for
9 any such district shall be paid in accordance with Article
10 34A when that Article provides for a disposition other than
11 that provided by this Article.

12 (2) (Blank).

13 (3) Summer school. Summer school payments shall be made
14 as provided in Section 18-4.3.

15 (M) Education Funding Advisory Board.

16 The Education Funding Advisory Board, hereinafter in this
17 subsection (M) referred to as the "Board", is hereby created.
18 The Board shall consist of 5 members who are appointed by the
19 Governor, by and with the advice and consent of the Senate.
20 The members appointed shall include representatives of
21 education, business, and the general public. One of the
22 members so appointed shall be designated by the Governor at
23 the time the appointment is made as the chairperson of the
24 Board. The initial members of the Board may be appointed any
25 time after the effective date of this amendatory Act of 1997.
26 The regular term of each member of the Board shall be for 4
27 years from the third Monday of January of the year in which
28 the term of the member's appointment is to commence, except
29 that of the 5 initial members appointed to serve on the
30 Board, the member who is appointed as the chairperson shall
31 serve for a term that commences on the date of his or her
32 appointment and expires on the third Monday of January, 2002,
33 and the remaining 4 members, by lots drawn at the first
34 meeting of the Board that is held after all 5 members are

1 appointed, shall determine 2 of their number to serve for
2 terms that commence on the date of their respective
3 appointments and expire on the third Monday of January, 2001,
4 and 2 of their number to serve for terms that commence on the
5 date of their respective appointments and expire on the third
6 Monday of January, 2000. All members appointed to serve on
7 the Board shall serve until their respective successors are
8 appointed and confirmed. Vacancies shall be filled in the
9 same manner as original appointments. If a vacancy in
10 membership occurs at a time when the Senate is not in
11 session, the Governor shall make a temporary appointment
12 until the next meeting of the Senate, when he or she shall
13 appoint, by and with the advice and consent of the Senate, a
14 person to fill that membership for the unexpired term. If
15 the Senate is not in session when the initial appointments
16 are made, those appointments shall be made as in the case of
17 vacancies.

18 The Education Funding Advisory Board shall be deemed
19 established, and the initial members appointed by the
20 Governor to serve as members of the Board shall take office,
21 on the date that the Governor makes his or her appointment of
22 the fifth initial member of the Board, whether those initial
23 members are then serving pursuant to appointment and
24 confirmation or pursuant to temporary appointments that are
25 made by the Governor as in the case of vacancies.

26 The State Board of Education shall provide such staff
27 assistance to the Education Funding Advisory Board as is
28 reasonably required for the proper performance by the Board
29 of its responsibilities.

30 For school years after the 2000-2001 school year, the
31 Education Funding Advisory Board, in consultation with the
32 State Board of Education, shall make recommendations as
33 provided in this subsection (M) to the General Assembly for
34 the foundation level under subdivision (B)(3) of this Section

1 and for the supplemental general State aid grant level under
2 subsection (H) of this Section for districts with high
3 concentrations of children from poverty. The recommended
4 foundation level shall be determined based on a methodology
5 which incorporates the basic education expenditures of
6 low-spending schools exhibiting high academic performance.
7 The Education Funding Advisory Board shall make such
8 recommendations to the General Assembly on January 1 of odd
9 numbered years, beginning January 1, 2001.

10 (N) (Blank).

11 (O) References.

12 (1) References in other laws to the various subdivisions
13 of Section 18-8 as that Section existed before its repeal and
14 replacement by this Section 18-8.05 shall be deemed to refer
15 to the corresponding provisions of this Section 18-8.05, to
16 the extent that those references remain applicable.

17 (2) References in other laws to State Chapter 1 funds
18 shall be deemed to refer to the supplemental general State
19 aid provided under subsection (H) of this Section.

20 (Source: P.A. 91-24, eff. 7-1-99; 91-93, eff. 7-9-99; 91-96,
21 eff. 7-9-99; 91-111, eff. 7-14-99; 91-357, eff. 7-29-99;
22 91-533, eff. 8-13-99; 92-7, eff. 6-29-01; 92-16, eff.
23 6-28-01; 92-28, eff. 7-1-01; 92-29, eff. 7-1-01; 92-269, eff.
24 8-7-01; 92-604, eff. 7-1-02; 92-636, eff. 7-11-02; 92-651,
25 eff. 7-11-02; revised 7-26-02.)

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

1 INDEX

2 Statutes amended in order of appearance

3 New Act

4 30 ILCS 105/5.595 new

5 30 ILCS 105/5.596 new

6 35 ILCS 5/512 from Ch. 120, par. 5-512

7 35 ILCS 200/18-45

8 35 ILCS 200/18-182 new

9 35 ILCS 200/18-185

10 105 ILCS 5/18-8.05