

AN ACT concerning education.

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

Section 5. The School Code is amended by changing Sections 20-1, 20-2, 20-3, 20-4, 20-5, 20-7, 20-8, and 20-9 and by adding Section 20-10 as follows:

(105 ILCS 5/20-1) (from Ch. 122, par. 20-1)

Sec. 20-1. Authority to create working cash fund. In each school district, whether organized under general law or special charter, having a population of less than 500,000 inhabitants, a fund to be known as a "Working Cash Fund" may be created and maintained consistent with the limitations of ~~and administered in the manner prescribed in~~ this Article, for the purpose of enabling the district to have in its treasury at all time sufficient money to meet demands thereon for ~~ordinary and necessary~~ expenditures for corporate purposes.

(Source: P.A. 80-272.)

(105 ILCS 5/20-2) (from Ch. 122, par. 20-2)

Sec. 20-2. Indebtedness and bonds. For the purpose of creating, re-creating, or increasing a working cash fund, the school board of any such district may incur an indebtedness and issue bonds as evidence thereof in an amount or amounts not

exceeding in the aggregate 85% of the taxes permitted to be levied for educational purposes for the then current year to be determined by multiplying the maximum educational tax rate or rates applicable to such school district by the last assessed valuation or assessed valuations as determined at the time of the issue of said bonds plus 85% of the last known entitlement of such district to taxes as by law now or hereafter enacted or amended, imposed by the General Assembly of the State of Illinois to replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5, paragraph (c) of the Constitution of the State of Illinois. The bonds shall bear interest at not more than the maximum rate authorized by law ~~the Bond Authorization Act, as amended at the time of the making of the contract, if issued before January 1, 1972 and not more than the maximum rate authorized by the Bond Authorization Act, as amended at the time of the making of the contract, if issued after January 1, 1972~~ and shall mature within 20 years from the date thereof. Subject to the foregoing limitations as to amount, the bonds may be issued in an amount including existing indebtedness which will not exceed the constitutional limitation as to debt, notwithstanding any statutory debt limitation to the contrary. The school board shall before or at the time of issuing the bonds provide for the collection of a direct annual tax upon all the taxable property within the district sufficient to pay the principal

thereof at maturity and to pay the interest thereon as it falls due, which tax shall be in addition to the maximum amount of all other taxes, either educational; transportation; operations and maintenance; or fire prevention and safety fund taxes, now or hereafter authorized and in addition to any limitations upon the levy of taxes as provided by Sections 17-2 through 17-9. ~~The bonds may be issued redeemable at the option of the school board of the district issuing them on any interest payment date on or after 5 years from date of issue.~~

With respect to instruments for the payment of money issued under this Section either before, on, or after the effective date of this amendatory Act of 1989, it is and always has been the intention of the General Assembly (i) that the Omnibus Bond Acts are and always have been supplementary grants of power to issue instruments in accordance with the Omnibus Bond Acts, regardless of any provision of this Act that may appear to be or to have been more restrictive than those Acts, (ii) that the provisions of this Section are not a limitation on the supplementary authority granted by the Omnibus Bond Acts, and (iii) that instruments issued under this Section within the supplementary authority granted by the Omnibus Bond Acts are not invalid because of any provision of this Act that may appear to be or to have been more restrictive than those Acts.

(Source: P.A. 94-234, eff. 7-1-06; 94-1019, eff. 7-10-06.)

Sec. 20-3. Tax levy. For the purpose of providing moneys for a working cash fund, the school board of any such school district may also levy annually upon all the taxable property of their district a tax, known as the "working cash fund tax," not to exceed 0.05% of value, as equalized or assessed by the Department of Revenue; provided that no such tax shall be levied if bonds are issued in amount or amounts equal in the aggregate to the limitation set forth in Section 20-2 for the creation, re-creation, or increase of a working cash fund. The collection of the tax shall not be anticipated by the issuance of any warrants drawn against it. The tax shall be levied and collected, except as otherwise provided in this Section, in like manner as the general taxes of the district, and shall be in addition to the maximum of all other taxes, either educational; transportation; operations and maintenance; or fire prevention and safety fund taxes, now or hereafter to be levied for school purposes. It may be levied by separate resolution by the last Tuesday in December ~~September~~ in each year or it may be included in the certificate of tax levy filed under Section 17-11.

(Source: P.A. 94-234, eff. 7-1-06.)

(105 ILCS 5/20-4) (from Ch. 122, par. 20-4)

Sec. 20-4. Use and reimbursement of fund. This Section shall not apply in any school district which does not operate a working cash fund.

Moneys derived from the issuance of bonds as authorized by Section 20-2, or from any tax levied pursuant to Section 20-3, shall be used only for the purposes and in the manner ~~hereinafter~~ provided in this Article. Moneys in the fund shall not be regarded as current assets available for school purposes. The school board may appropriate moneys to the working cash fund up to the maximum amount allowable in the fund, and the working cash fund may receive such appropriations and any other contributions. Moneys in the fund may ~~shall not~~ be used by the school board for any and all ~~in any manner other than to provide moneys with which to meet ordinary and necessary disbursements for salaries and other~~ school purposes and may be transferred in whole or in part to the general funds or both of the school district and disbursed therefrom in anticipation of the collection of taxes lawfully levied for any or all purposes, or in anticipation of such taxes as by law now or hereafter enacted or amended are imposed by the General Assembly of the State of Illinois to replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5(c) of the Constitution of the State of Illinois. Moneys so transferred to any other fund shall be deemed to be transferred in anticipation of the collection of that part of the taxes so levied or to be received which is in excess of the amount thereof required to pay any warrants or notes and the interest thereon theretofore and thereafter

issued in anticipation of the collection thereof and such taxes when collected shall be applied to the payment of any such warrants and the interest thereon, the amount estimated to be required to satisfy debt service and pension or retirement obligations, as set forth in Section 12 of the State Revenue Sharing Act and then to the reimbursement of such working cash fund as hereinafter provided.

Upon receipt by the school district of any taxes in anticipation of the collection whereof moneys of the working cash fund have been so transferred for disbursement, the fund shall immediately be reimbursed therefrom until the full amount so transferred has been retransferred to the fund. Unless the taxes so received and applied to the reimbursement of the working cash fund prior to the first day of the eighth month following the month in which due and unpaid real property taxes begin to bear interest are sufficient to effect a complete reimbursement of such fund for any moneys transferred therefrom in anticipation of the collection of such taxes, the working cash fund shall be reimbursed for the amount of the deficiency therein from any other revenues accruing to the educational fund, and the school board shall make provisions for the immediate reimbursement of the amount of any such deficiency in its next annual tax levy.

(Source: P.A. 87-984; 87-1168; 88-45.)

Sec. 20-5. Transfer to other fund. This Section shall not apply in any school district which does not operate a working cash fund.

Moneys in, ~~including interest earned from investment of the working cash fund as in this Section provided,~~ shall be transferred from the working cash fund to another fund of the district only upon the authority of the school board which shall from time to time by separate resolution direct the school treasurer to make transfers of such sums as may be required for the purposes herein authorized.

The resolution shall set forth (a) the taxes in anticipation of which such transfer is to be made and from which the working cash fund is to be reimbursed; (b) the entire amount of taxes extended, or which the school board estimates will be extended or received, for any year in anticipation of the collection of all or part of which such transfer is to be made; (c) the aggregate amount of warrants or notes theretofore issued in anticipation of the collection of such taxes together with the amount of interest accrued and which the school board estimates will accrue thereon; (d) the aggregate amount of receipts from taxes imposed to replace revenue lost by units of local government and school districts as a result of the abolition of ad valorem personal property taxes, pursuant to Article IX, Section 5(c) of the Constitution of the State of Illinois, which the corporate authorities estimate will be set aside for the payment of the proportionate amount of debt

service and pension or retirement obligations, as required by Section 12 of the State Revenue Sharing Act; and (e) the aggregate amount of money theretofore transferred from the working cash fund to the other fund in anticipation of the collection of such taxes. The amount which any such resolution shall direct the treasurer so to transfer, in anticipation of the collection of taxes levied or to be received for any year, together with the aggregate amount of such anticipation tax warrants or notes theretofore drawn against such taxes and the amount of interest accrued and estimated to accrue thereon and the aggregate amount of such transfers to be made in anticipation of the collection of such taxes and the amount estimated to be required to satisfy debt service and pension or retirement obligations, as set forth in Section 12 of the State Revenue Sharing Act, shall not exceed 85% of the actual or estimated amount of such taxes extended or to be extended or to be received as set forth in such resolution. At any time moneys are available in the working cash fund they shall be transferred to such other funds of the district ~~the educational fund~~ and used for any and all ~~disbursed for the payment of salaries and other~~ school purposes ~~expenses~~ so as to avoid, whenever possible, the issuance of anticipation tax warrants or notes.

Moneys earned as interest from the investment of the working cash fund, or any portion thereof, may be transferred from the working cash fund to another fund of the district that

is most in need of the interest without any requirement of repayment to the working cash fund, upon the authority of the school board by separate resolution directing the school treasurer to make such transfer and stating the purpose in accordance with subsection (c) of Section 9 of the Local Government Debt Reform Act ~~therefore as one herein authorized.~~

(Source: P.A. 94-234, eff. 7-1-06.)

(105 ILCS 5/20-7) (from Ch. 122, par. 20-7)

Sec. 20-7. Resolution for issuance of bonds - Submission to voters - Ballot. No school district may issue bonds under this Article unless it adopts a resolution declaring its intention to issue bonds for the purpose therein provided and directs that notice of such intention be published at least once in a newspaper published and having a general circulation in the district, if there be one, but if there is no newspaper published in such district then by publishing such notice in a newspaper having a general circulation in the district. The notice shall set forth (1) the intention of the district to issue bonds in accordance with this Article; (2) the time within which a petition may be filed requesting the submission of the proposition to issue the bonds; (3) the specific number of voters required to sign the petition; and (4) the date of the prospective referendum. At the time of publication of the notice and for 30 days thereafter, the recording officer of the district shall provide a petition form to any individual

requesting one. If within 30 days after the publication a petition is filed with the recording officer of the district, signed by the voters of the district equal to 10% or more of the registered voters of the district requesting that the proposition to issue bonds as authorized by this Article be submitted to the voters thereof, then the district shall not be authorized to issue such bonds until the proposition has been certified to the proper election authorities and has been submitted to and approved by a majority of the voters voting on the proposition at a regular scheduled election in accordance with the general election law. If no such petition is so filed, or if any and all petitions filed are invalid, the district may issue the bonds. In addition to the requirements of the general election law the notice of the election shall set forth the intention of the district to issue bonds under this Article. The proposition shall be in substantially the following form:

OFFICIAL BALLOT

Shall the Board ~~board~~ of....

of School District ~~district~~ number.... YES

County, Illinois, be authorized

to issue bonds for a working -----

cash fund as provided for

by Article 20 of the NO

School Code?

(Source: P.A. 87-767.)

(105 ILCS 5/20-8) (from Ch. 122, par. 20-8)

Sec. 20-8. Abolishment of working cash fund. Any school district may abolish its working cash fund, upon the adoption of a resolution so providing, and direct the transfer of any balance in such fund to the educational fund at the close of the then current school year. Any outstanding loans to other funds of the district ~~the transportation, operations and maintenance, or fire prevention and safety fund~~ shall be paid or become payable to the educational fund at the close of the then current school year. Thereafter, all outstanding taxes of such school district levied pursuant to Section 20-3 shall be collected and paid into the educational fund.

Any balance in any working cash fund that is created in any school district on or after the effective date of this amendatory Act of 1991 (including all outstanding loans from any such working cash fund to other funds ~~the educational, transportation, operations and maintenance, or fire prevention and safety fund~~ of the district and all outstanding taxes levied by the district under Section 20-3 to provide moneys for any such working cash fund) may, when such working cash fund is abolished, be used and applied for the purpose of reducing, by the balance in that working cash fund at the close of the school year in which the fund so created is abolished, the amount of the taxes that the school board of the school

district otherwise would be authorized or required to levy for educational purposes for the immediately succeeding school year.

Any obligation incurred by any school district pursuant to Section 20-2 shall be discharged as therein provided.

(Source: P.A. 86-970; 87-643; 87-984.)

(105 ILCS 5/20-9) (from Ch. 122, par. 20-9)

Sec. 20-9. ~~A Nothing in this Article prevents a school district which has abolished or abated its working cash fund has the authority to again create~~ from again creating a working cash fund at any time in the manner provided in this Article.

(Source: Laws 1967, p. 642.)

(105 ILCS 5/20-10 new)

Sec. 20-10. Abatement of working cash fund. Any school district may abate its working cash fund at any time, upon the adoption of a resolution so providing, and direct the transfer at any time of moneys in that fund to any fund or funds of the district most in need of the money, provided that the district maintains an amount to the credit of the working cash fund, including taxes levied pursuant to Section 20-3 and not yet collected and amounts transferred pursuant to Section 20-4 and to be reimbursed to the working cash fund, at least equal to 0.05% of the then current value, as equalized or assessed by the Department of Revenue, of the taxable property in the

district. If necessary to effectuate the abatement, any outstanding loans to other funds of the district may be paid or become payable to the fund or funds to which the abatement is made. Any abatement of a school district's working cash fund prior to the effective date of this amendatory Act of the 96th General Assembly that would have complied with the provisions of this Section is hereby validated.

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