

1 AN ACT concerning finance.

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

4 Section 5. The Local Government Debt Reform Act is amended  
5 by adding Section 13.1 as follows:

6 (30 ILCS 350/13.1 new)

7 Sec. 13.1. Statutory lien for bonds.

8 (a) As used in this Section, "statutory lien" shall have  
9 the meaning given to that term under 11 U.S.C. 101(53) of the  
10 federal Bankruptcy Code.

11 (b) All bonds, including general obligation bonds and  
12 revenue bonds heretofore and hereafter issued and sold under  
13 this Act, home rule powers, or related laws, issued by a local  
14 public entity shall be secured by a statutory lien on all  
15 revenues received, or entitled to be received, pursuant to (i)  
16 the levy of taxes supporting payment of the bonds and (ii) the  
17 assessment of user fees, rates, or other charges supporting  
18 payment of the bonds. The statutory lien shall automatically  
19 attach from the time the bonds are issued without further  
20 action or authorization by the governing authority of the local  
21 public entity. The statutory lien shall be valid and binding  
22 from the time the bonds are executed and delivered without any  
23 physical delivery thereof or further act required, and shall be

1 a first priority lien unless the bonds shall otherwise provide,  
2 and the taxes, user fees, rates, or other charges supporting  
3 payment of the bonds shall not be used for other purposes until  
4 the bonds are paid in full unless the bonds shall otherwise  
5 provide.

6 The revenues received, or entitled to be received, from the  
7 following shall be immediately subject to the statutory lien,  
8 and the statutory lien shall automatically attach to the  
9 revenues and be effective, binding, and enforceable against the  
10 local public entity or its successors, transferees, and  
11 creditors, and all others asserting rights therein or having  
12 claims of any kind in tort, contract, or otherwise against the  
13 local public entity, irrespective of whether those parties have  
14 notice of the lien and without the need for any physical  
15 delivery, recordation, filing, or further act: (i) the levy of  
16 taxes supporting payment of the bonds and (ii) the assessment  
17 of user fees, rates, or other charges supporting payment of the  
18 bonds. In addition, bonds issued by a local public entity under  
19 this Act or related laws, including bonds issued by a local  
20 public entity with home rule powers, shall have all of the  
21 protection afforded to special revenue bonds under the federal  
22 Bankruptcy Code.

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