

1 AN ACT concerning finance.

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

4 Section 5. The Illinois Municipal Code is amended by adding
5 Division 13 to Article 8 as follows:

6 (65 ILCS 5/Art. 8 Div. 13 heading new)

7 DIVISION 13. ASSIGNMENT OF RECEIPTS

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

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

10 "Assignment agreement" means an agreement between a
11 transferring unit and an issuing entity for the conveyance of
12 all or part of any revenues or taxes received by the
13 transferring unit from a State entity.

14 "Conveyance" means an assignment, sale, transfer, or other
15 conveyance.

16 "Deposit account" means a designated escrow account
17 established by an issuing entity at a trust company or bank
18 having trust powers for the deposit of transferred receipts
19 under an assignment agreement.

20 "Issuing entity" means (i) a corporation, trust or other
21 entity that has been established for the limited purpose of
22 issuing obligations for the benefit of a transferring unit, or

1 (ii) a bank or trust company in its capacity as trustee for
2 obligations issued by such bank or trust company for the
3 benefit of a transferring unit.

4 "State entity" means the State Comptroller, the State
5 Treasurer, or the Illinois Department of Revenue.

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

9 "Transferring unit" means a home rule municipality located
10 in the State.

11 (65 ILCS 5/8-13-10 new)

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

13 (a) Any transferring unit which receives revenues or taxes
14 from a State entity may (to the extent not prohibited by any
15 applicable statute, regulation, rule, or agreement governing
16 the use of such revenues or taxes) authorize, by ordinance, the
17 conveyance of all or any portion of such revenues or taxes to
18 an issuing entity. Any conveyance of transferred receipts
19 shall: (i) be made pursuant to an assignment agreement in
20 exchange for the net proceeds of obligations issued by the
21 issuing entity for the benefit of the transferring unit and
22 shall, for all purposes, constitute an absolute conveyance of
23 all right, title, and interest therein; (ii) not be deemed a
24 pledge or other security interest for any borrowing by the
25 transferring unit; (iii) be valid, binding, and enforceable in

1 accordance with the terms thereof and of any related
2 instrument, agreement, or other arrangement, including any
3 pledge, grant of security interest, or other encumbrance made
4 by the issuing entity to secure any obligations issued by the
5 issuing entity for the benefit of the transferring unit; and
6 (iv) not be subject to disavowal, disaffirmance, cancellation,
7 or avoidance by reason of insolvency of any party, lack of
8 consideration, or any other fact, occurrence, or State law or
9 rule. On and after the effective date of the conveyance of the
10 transferred receipts, the transferring unit shall have no
11 right, title or interest in or to the transferred receipts
12 conveyed and the transferred receipts so conveyed shall be the
13 property of the issuing entity to the extent necessary to pay
14 the obligations issued by the issuing entity for the benefit of
15 the transferring unit, and shall be received, held, and
16 disbursed by the issuing entity in a trust fund outside the
17 treasury of the transferring unit. An assignment agreement may
18 provide for the periodic reconveyance to the transferring unit
19 of amounts of transferred receipts remaining after the payment
20 of the obligations issued by the issuing entity for the benefit
21 of the transferring unit.

22 (b) In connection with any conveyance of transferred
23 receipts, the transferring unit is authorized to direct the
24 applicable State entity to deposit or cause to be deposited any
25 amount of such transferred receipts into a deposit account in
26 order to secure the obligations issued by the issuing entity

1 for the benefit of the transferring unit. Where the
2 transferring unit states that such direction is irrevocable,
3 the direction shall be treated by the applicable State entity
4 as irrevocable with respect to the transferred receipts
5 described in such direction. Each State entity shall comply
6 with the terms of any such direction received from a
7 transferring unit and shall execute and deliver such
8 acknowledgments and agreements, including escrow and similar
9 agreements, as the transferring unit may require to effectuate
10 the deposit of transferred receipts in accordance with the
11 direction of the transferring unit.

12 (c) Not later than the date of issuance by an issuing
13 entity of any obligations secured by collections of transferred
14 receipts, a certified copy of the ordinance authorizing the
15 conveyance of the right to receive the transferred receipts,
16 together with executed copies of the applicable assignment
17 agreement and the agreement providing for the establishment of
18 the deposit account, shall be filed with the State entity
19 having custody of the transferred receipts.

20 (65 ILCS 5/8-13-15 new)

21 Sec. 8-13-15. Pledges and agreements of the State. The
22 State of Illinois pledges to and agrees with each transferring
23 unit and issuing entity that the State will not limit or alter
24 the rights and powers vested in the State entities by this
25 Article with respect to the disposition of transferred receipts

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

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

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

1 powers and functions exercised by the State.

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