



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1492

Introduced 2/7/2023, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

30 ILCS 105/5.990 new	
30 ILCS 115/2	from Ch. 85, par. 612
35 ILCS 5/901	
65 ILCS 5/8-12-3	from Ch. 24, par. 8-12-3
65 ILCS 5/8-12-4	from Ch. 24, par. 8-12-4
65 ILCS 5/8-12-10	from Ch. 24, par. 8-12-10
65 ILCS 5/8-12-18	from Ch. 24, par. 8-12-18
65 ILCS 5/8-12-24	from Ch. 24, par. 8-12-24

Amends the State Finance Act. Creates the Financially Distressed Cities Fund. Amends the State Revenue Sharing Act and the Illinois Income Tax Act. Provides that the Comptroller shall monthly transfer to the Financially Distressed Cities Fund an amount certified by the Department of Revenue equal to: (1) the amount that would have been distributed under the State Revenue Sharing Act to all financially distressed cities if the Treasurer had transferred to the Local Government Distributive Fund a sum calculated using 10% of the net revenue realized from the tax imposed by the Illinois Income Tax Act upon individuals, trusts, estates, and corporations during the preceding month; and (2) subtracting the amount distributed to all financially distressed cities from the Local Government Distributive Fund. Provides that the Department of Revenue shall monthly allocate an amount from the Financially Distressed Cities Fund that shall be paid to each financially distressed city. Amends the Financially Distressed City Law of the Illinois Municipal Code. Makes the law applicable to both home rule and non-home rule municipalities. Provides that a State agency or unit of local government may also render technical assistance to a municipality's Financial Advisory Authority as the Authority may request. Provides that the State shall not reduce revenues or impose additional costs affecting a financially distressed city affecting the municipality unless it is consistent with the Financial Plan and Budget in effect. Provides that State mandates enacted while a municipality is designated as a financially distressed city that would cause the municipality to incur costs are not valid or enforceable during the period when the municipality is under the financially distressed city designation. Effective January 1, 2024.

LRB103 28926 AWJ 55312 b

1 AN ACT concerning local government.

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

4 Section 5. The State Finance Act is amended by adding
5 Section 5.990 as follows:

6 (30 ILCS 105/5.990 new)

7 Sec. 5.990. The Financially Distressed Cities Fund.

8 Section 10. The State Revenue Sharing Act is amended by
9 changing Section 2 as follows:

10 (30 ILCS 115/2) (from Ch. 85, par. 612)

11 Sec. 2. Allocation and Disbursement.

12 (a) As soon as may be after the first day of each month,
13 the Department of Revenue shall allocate among the several
14 municipalities and counties of this State the amount available
15 in the Local Government Distributive Fund and in the Income
16 Tax Surcharge Local Government Distributive Fund, determined
17 as provided in Sections 1 and 1a above. Except as provided in
18 Sections 13 and 13.1 of this Act, the Department shall ~~then~~
19 ~~certify such allocations to the State Comptroller, who shall~~
20 pay over to the several municipalities and counties the
21 respective amounts allocated to them. The amount of such Funds

1 allocable to each such municipality and county shall be in
2 proportion to the number of individual residents of such
3 municipality or county to the total population of the State,
4 determined in each case on the basis of the latest census of
5 the State, municipality or county conducted by the Federal
6 government and certified by the Secretary of State and for
7 annexations to municipalities, the latest Federal, State or
8 municipal census of the annexed area which has been certified
9 by the Department of Revenue. Allocations to the City of
10 Chicago under this Section are subject to Section 6 of the
11 Hotel Operators' Occupation Tax Act. For the purpose of this
12 Section, the number of individual residents of a county shall
13 be reduced by the number of individuals residing therein in
14 municipalities, but the number of individual residents of the
15 State, county and municipality shall reflect the latest census
16 of any of them. The amounts transferred into the Local
17 Government Distributive Fund pursuant to Section 9 of the Use
18 Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the
19 Service Occupation Tax Act, and Section 3 of the Retailers'
20 Occupation Tax Act, each as now or hereafter amended, pursuant
21 to the amendments of such Sections by Public Act 85-1135,
22 shall be distributed as provided in said Sections.

23 (a-5) The Department of Revenue shall allocate, as soon as
24 may be practicable after the first day of each month, among
25 each financially distressed city, as that term is defined in
26 Section 8-12-3 of the Illinois Municipal Code, funds

1 transferred to the Financially Distressed Cities Fund under
2 subsection (b-5) of Section 901 of the Illinois Income Tax
3 Act. The Department shall then pay over to each financially
4 distressed city the respective amounts allocated to it. The
5 amount of funds allocable to each financially distressed city
6 shall be in proportion to the number of individual residents
7 of the financially distressed city to the total population of
8 all financially distressed cities combined, determined in each
9 case on the basis of the latest census of the State,
10 municipality, or county conducted by the Federal government
11 and certified by the Secretary of State and for annexations to
12 municipalities, the latest Federal, State, or municipal census
13 of the annexed area which has been certified by the Department
14 of Revenue.

15 (b) It is the intent of the General Assembly that
16 allocations made under this Section shall be made in a fair and
17 equitable manner. Accordingly, the clerk of any municipality
18 to which territory has been annexed, or from which territory
19 has been disconnected, shall notify the Department of Revenue
20 in writing of that annexation or disconnection and shall (1)
21 state the number of residents within the territory that was
22 annexed or disconnected, based on the last census conducted by
23 the federal, State, or municipal government and certified by
24 the Illinois Secretary of State, and (2) furnish therewith a
25 certified copy of the plat of annexation or, in the case of
26 disconnection, the ordinance, final judgment, or resolution of

1 disconnection together with an accurate depiction of the
2 territory disconnected. The county in which the annexed or
3 disconnected territory is located shall verify that the number
4 of residents stated on the written notice that is to be sent to
5 the Department of Revenue is true and accurate. The verified
6 statement of the county shall accompany the written notice.
7 However, if the county does not respond to the municipality's
8 request for verification within 30 days, this verification
9 requirement shall be waived. The written notice shall be
10 provided to the Department of Revenue (1) within 30 days after
11 the effective date of this amendatory Act of the 96th General
12 Assembly for disconnections occurring after January 1, 2007
13 and before the effective date of this amendatory Act of the
14 96th General Assembly or (2) within 30 days after the
15 annexation or disconnection for annexations or disconnections
16 occurring on or after the effective date of this amendatory
17 Act of the 96th General Assembly. For purposes of this
18 Section, a disconnection or annexation through court order is
19 deemed to be effective 30 days after the entry of a final
20 judgment order, unless stayed pending appeal. Thereafter, the
21 monthly allocation made to the municipality and to any other
22 municipality or county affected by the annexation or
23 disconnection shall be adjusted in accordance with this
24 Section to reflect the change in residency of the residents of
25 the territory that was annexed or disconnected. The adjustment
26 shall be made no later than 30 days after the Department of

1 Revenue's receipt of the written notice of annexation or
2 disconnection described in this Section.

3 (Source: P.A. 96-1040, eff. 7-14-10.)

4 Section 15. The Illinois Income Tax Act is amended by
5 changing Section 901 as follows:

6 (35 ILCS 5/901)

7 Sec. 901. Collection authority.

8 (a) In general. The Department shall collect the taxes
9 imposed by this Act. The Department shall collect certified
10 past due child support amounts under Section 2505-650 of the
11 Department of Revenue Law of the Civil Administrative Code of
12 Illinois. Except as provided in subsections (b), (c), (e),
13 (f), (g), and (h) of this Section, money collected pursuant to
14 subsections (a) and (b) of Section 201 of this Act shall be
15 paid into the General Revenue Fund in the State treasury;
16 money collected pursuant to subsections (c) and (d) of Section
17 201 of this Act shall be paid into the Personal Property Tax
18 Replacement Fund, a special fund in the State Treasury; and
19 money collected under Section 2505-650 of the Department of
20 Revenue Law of the Civil Administrative Code of Illinois shall
21 be paid into the Child Support Enforcement Trust Fund, a
22 special fund outside the State Treasury, or to the State
23 Disbursement Unit established under Section 10-26 of the
24 Illinois Public Aid Code, as directed by the Department of

1 Healthcare and Family Services.

2 (b) Local Government Distributive Fund. Beginning August
3 1, 2017 and continuing through July 31, 2022, the Treasurer
4 shall transfer each month from the General Revenue Fund to the
5 Local Government Distributive Fund an amount equal to the sum
6 of: (i) 6.06% (10% of the ratio of the 3% individual income tax
7 rate prior to 2011 to the 4.95% individual income tax rate
8 after July 1, 2017) of the net revenue realized from the tax
9 imposed by subsections (a) and (b) of Section 201 of this Act
10 upon individuals, trusts, and estates during the preceding
11 month; (ii) 6.85% (10% of the ratio of the 4.8% corporate
12 income tax rate prior to 2011 to the 7% corporate income tax
13 rate after July 1, 2017) of the net revenue realized from the
14 tax imposed by subsections (a) and (b) of Section 201 of this
15 Act upon corporations during the preceding month; and (iii)
16 beginning February 1, 2022, 6.06% of the net revenue realized
17 from the tax imposed by subsection (p) of Section 201 of this
18 Act upon electing pass-through entities. Beginning August 1,
19 2022, the Treasurer shall transfer each month from the General
20 Revenue Fund to the Local Government Distributive Fund an
21 amount equal to the sum of: (i) 6.16% of the net revenue
22 realized from the tax imposed by subsections (a) and (b) of
23 Section 201 of this Act upon individuals, trusts, and estates
24 during the preceding month; (ii) 6.85% of the net revenue
25 realized from the tax imposed by subsections (a) and (b) of
26 Section 201 of this Act upon corporations during the preceding

1 month; and (iii) 6.16% of the net revenue realized from the tax
2 imposed by subsection (p) of Section 201 of this Act upon
3 electing pass-through entities. Net revenue realized for a
4 month shall be defined as the revenue from the tax imposed by
5 subsections (a) and (b) of Section 201 of this Act which is
6 deposited in the General Revenue Fund, the Education
7 Assistance Fund, the Income Tax Surcharge Local Government
8 Distributive Fund, the Fund for the Advancement of Education,
9 and the Commitment to Human Services Fund during the month
10 minus the amount paid out of the General Revenue Fund in State
11 warrants during that same month as refunds to taxpayers for
12 overpayment of liability under the tax imposed by subsections
13 (a) and (b) of Section 201 of this Act.

14 Notwithstanding any provision of law to the contrary,
15 beginning on July 6, 2017 (the effective date of Public Act
16 100-23), those amounts required under this subsection (b) to
17 be transferred by the Treasurer into the Local Government
18 Distributive Fund from the General Revenue Fund shall be
19 directly deposited into the Local Government Distributive Fund
20 as the revenue is realized from the tax imposed by subsections
21 (a) and (b) of Section 201 of this Act.

22 (b-5) Financially Distressed Cities Fund. The Department
23 of Revenue shall certify to the Treasurer an amount equal to:

24 (1) the amount that would have been distributed under
25 subsection (a) of Section 2 of the State Revenue Sharing
26 Act to all financially distressed cities, as that term is

1 defined in Section 8-12-3 of the Illinois Municipal Code,
2 if the Treasurer had transferred under subsection (b) to
3 the Local Government Distributive Fund a sum calculated
4 using (i) 10% of the net revenue realized from the tax
5 imposed by subsections (a) and (b) of Section 201 of this
6 Act upon individuals, trusts, and estates during the
7 preceding month and (ii) 10% of the net revenue realized
8 from the tax imposed by subsections (a) and (b) of Section
9 201 of this Act upon corporations during the preceding
10 month; and

11 (2) subtracting from the amount calculated under
12 paragraph (1) the amount distributed to all financially
13 distressed cities under subsection (a) of Section 2 of the
14 State Revenue Sharing Act during the current month.

15 Upon receipt of the certification from the Department of
16 Revenue, the Treasurer shall order transferred and the
17 Comptroller shall transfer from the General Revenue Fund to
18 the Financially Distressed Cities Fund the amount shown on the
19 certification.

20 If for any reason the aggregate appropriations made
21 available are insufficient to meet the amount certified under
22 this subsection, this subsection shall constitute a continuing
23 appropriation of the amount certified. The General Assembly
24 may appropriate lesser amounts by law.

25 (c) Deposits Into Income Tax Refund Fund.

26 (1) Beginning on January 1, 1989 and thereafter, the

1 Department shall deposit a percentage of the amounts
2 collected pursuant to subsections (a) and (b) (1), (2), and
3 (3) of Section 201 of this Act into a fund in the State
4 treasury known as the Income Tax Refund Fund. Beginning
5 with State fiscal year 1990 and for each fiscal year
6 thereafter, the percentage deposited into the Income Tax
7 Refund Fund during a fiscal year shall be the Annual
8 Percentage. For fiscal year 2011, the Annual Percentage
9 shall be 8.75%. For fiscal year 2012, the Annual
10 Percentage shall be 8.75%. For fiscal year 2013, the
11 Annual Percentage shall be 9.75%. For fiscal year 2014,
12 the Annual Percentage shall be 9.5%. For fiscal year 2015,
13 the Annual Percentage shall be 10%. For fiscal year 2018,
14 the Annual Percentage shall be 9.8%. For fiscal year 2019,
15 the Annual Percentage shall be 9.7%. For fiscal year 2020,
16 the Annual Percentage shall be 9.5%. For fiscal year 2021,
17 the Annual Percentage shall be 9%. For fiscal year 2022,
18 the Annual Percentage shall be 9.25%. For fiscal year
19 2023, the Annual Percentage shall be 9.25%. For all other
20 fiscal years, the Annual Percentage shall be calculated as
21 a fraction, the numerator of which shall be the amount of
22 refunds approved for payment by the Department during the
23 preceding fiscal year as a result of overpayment of tax
24 liability under subsections (a) and (b) (1), (2), and (3)
25 of Section 201 of this Act plus the amount of such refunds
26 remaining approved but unpaid at the end of the preceding

1 fiscal year, minus the amounts transferred into the Income
2 Tax Refund Fund from the Tobacco Settlement Recovery Fund,
3 and the denominator of which shall be the amounts which
4 will be collected pursuant to subsections (a) and (b)(1),
5 (2), and (3) of Section 201 of this Act during the
6 preceding fiscal year; except that in State fiscal year
7 2002, the Annual Percentage shall in no event exceed 7.6%.
8 The Director of Revenue shall certify the Annual
9 Percentage to the Comptroller on the last business day of
10 the fiscal year immediately preceding the fiscal year for
11 which it is to be effective.

12 (2) Beginning on January 1, 1989 and thereafter, the
13 Department shall deposit a percentage of the amounts
14 collected pursuant to subsections (a) and (b)(6), (7), and
15 (8), (c) and (d) of Section 201 of this Act into a fund in
16 the State treasury known as the Income Tax Refund Fund.
17 Beginning with State fiscal year 1990 and for each fiscal
18 year thereafter, the percentage deposited into the Income
19 Tax Refund Fund during a fiscal year shall be the Annual
20 Percentage. For fiscal year 2011, the Annual Percentage
21 shall be 17.5%. For fiscal year 2012, the Annual
22 Percentage shall be 17.5%. For fiscal year 2013, the
23 Annual Percentage shall be 14%. For fiscal year 2014, the
24 Annual Percentage shall be 13.4%. For fiscal year 2015,
25 the Annual Percentage shall be 14%. For fiscal year 2018,
26 the Annual Percentage shall be 17.5%. For fiscal year

1 2019, the Annual Percentage shall be 15.5%. For fiscal
2 year 2020, the Annual Percentage shall be 14.25%. For
3 fiscal year 2021, the Annual Percentage shall be 14%. For
4 fiscal year 2022, the Annual Percentage shall be 15%. For
5 fiscal year 2023, the Annual Percentage shall be 14.5%.
6 For all other fiscal years, the Annual Percentage shall be
7 calculated as a fraction, the numerator of which shall be
8 the amount of refunds approved for payment by the
9 Department during the preceding fiscal year as a result of
10 overpayment of tax liability under subsections (a) and
11 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
12 Act plus the amount of such refunds remaining approved but
13 unpaid at the end of the preceding fiscal year, and the
14 denominator of which shall be the amounts which will be
15 collected pursuant to subsections (a) and (b) (6), (7), and
16 (8), (c) and (d) of Section 201 of this Act during the
17 preceding fiscal year; except that in State fiscal year
18 2002, the Annual Percentage shall in no event exceed 23%.
19 The Director of Revenue shall certify the Annual
20 Percentage to the Comptroller on the last business day of
21 the fiscal year immediately preceding the fiscal year for
22 which it is to be effective.

23 (3) The Comptroller shall order transferred and the
24 Treasurer shall transfer from the Tobacco Settlement
25 Recovery Fund to the Income Tax Refund Fund (i)
26 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,

1 2002, and (iii) \$35,000,000 in January, 2003.

2 (d) Expenditures from Income Tax Refund Fund.

3 (1) Beginning January 1, 1989, money in the Income Tax
4 Refund Fund shall be expended exclusively for the purpose
5 of paying refunds resulting from overpayment of tax
6 liability under Section 201 of this Act and for making
7 transfers pursuant to this subsection (d), except that in
8 State fiscal years 2022 and 2023, moneys in the Income Tax
9 Refund Fund shall also be used to pay one-time rebate
10 payments as provided under Sections 208.5 and 212.1.

11 (2) The Director shall order payment of refunds
12 resulting from overpayment of tax liability under Section
13 201 of this Act from the Income Tax Refund Fund only to the
14 extent that amounts collected pursuant to Section 201 of
15 this Act and transfers pursuant to this subsection (d) and
16 item (3) of subsection (c) have been deposited and
17 retained in the Fund.

18 (3) As soon as possible after the end of each fiscal
19 year, the Director shall order transferred and the State
20 Treasurer and State Comptroller shall transfer from the
21 Income Tax Refund Fund to the Personal Property Tax
22 Replacement Fund an amount, certified by the Director to
23 the Comptroller, equal to the excess of the amount
24 collected pursuant to subsections (c) and (d) of Section
25 201 of this Act deposited into the Income Tax Refund Fund
26 during the fiscal year over the amount of refunds

1 resulting from overpayment of tax liability under
2 subsections (c) and (d) of Section 201 of this Act paid
3 from the Income Tax Refund Fund during the fiscal year.

4 (4) As soon as possible after the end of each fiscal
5 year, the Director shall order transferred and the State
6 Treasurer and State Comptroller shall transfer from the
7 Personal Property Tax Replacement Fund to the Income Tax
8 Refund Fund an amount, certified by the Director to the
9 Comptroller, equal to the excess of the amount of refunds
10 resulting from overpayment of tax liability under
11 subsections (c) and (d) of Section 201 of this Act paid
12 from the Income Tax Refund Fund during the fiscal year
13 over the amount collected pursuant to subsections (c) and
14 (d) of Section 201 of this Act deposited into the Income
15 Tax Refund Fund during the fiscal year.

16 (4.5) As soon as possible after the end of fiscal year
17 1999 and of each fiscal year thereafter, the Director
18 shall order transferred and the State Treasurer and State
19 Comptroller shall transfer from the Income Tax Refund Fund
20 to the General Revenue Fund any surplus remaining in the
21 Income Tax Refund Fund as of the end of such fiscal year;
22 excluding for fiscal years 2000, 2001, and 2002 amounts
23 attributable to transfers under item (3) of subsection (c)
24 less refunds resulting from the earned income tax credit,
25 and excluding for fiscal year 2022 amounts attributable to
26 transfers from the General Revenue Fund authorized by

1 Public Act 102-700 ~~this amendatory Act of the 102nd~~
2 ~~General Assembly.~~

3 (5) This Act shall constitute an irrevocable and
4 continuing appropriation from the Income Tax Refund Fund
5 for the purposes of (i) paying refunds upon the order of
6 the Director in accordance with the provisions of this
7 Section and (ii) paying one-time rebate payments under
8 Sections 208.5 and 212.1.

9 (e) Deposits into the Education Assistance Fund and the
10 Income Tax Surcharge Local Government Distributive Fund. On
11 July 1, 1991, and thereafter, of the amounts collected
12 pursuant to subsections (a) and (b) of Section 201 of this Act,
13 minus deposits into the Income Tax Refund Fund, the Department
14 shall deposit 7.3% into the Education Assistance Fund in the
15 State Treasury. Beginning July 1, 1991, and continuing through
16 January 31, 1993, of the amounts collected pursuant to
17 subsections (a) and (b) of Section 201 of the Illinois Income
18 Tax Act, minus deposits into the Income Tax Refund Fund, the
19 Department shall deposit 3.0% into the Income Tax Surcharge
20 Local Government Distributive Fund in the State Treasury.
21 Beginning February 1, 1993 and continuing through June 30,
22 1993, of the amounts collected pursuant to subsections (a) and
23 (b) of Section 201 of the Illinois Income Tax Act, minus
24 deposits into the Income Tax Refund Fund, the Department shall
25 deposit 4.4% into the Income Tax Surcharge Local Government
26 Distributive Fund in the State Treasury. Beginning July 1,

1 1993, and continuing through June 30, 1994, of the amounts
2 collected under subsections (a) and (b) of Section 201 of this
3 Act, minus deposits into the Income Tax Refund Fund, the
4 Department shall deposit 1.475% into the Income Tax Surcharge
5 Local Government Distributive Fund in the State Treasury.

6 (f) Deposits into the Fund for the Advancement of
7 Education. Beginning February 1, 2015, the Department shall
8 deposit the following portions of the revenue realized from
9 the tax imposed upon individuals, trusts, and estates by
10 subsections (a) and (b) of Section 201 of this Act, minus
11 deposits into the Income Tax Refund Fund, into the Fund for the
12 Advancement of Education:

13 (1) beginning February 1, 2015, and prior to February
14 1, 2025, 1/30; and

15 (2) beginning February 1, 2025, 1/26.

16 If the rate of tax imposed by subsection (a) and (b) of
17 Section 201 is reduced pursuant to Section 201.5 of this Act,
18 the Department shall not make the deposits required by this
19 subsection (f) on or after the effective date of the
20 reduction.

21 (g) Deposits into the Commitment to Human Services Fund.
22 Beginning February 1, 2015, the Department shall deposit the
23 following portions of the revenue realized from the tax
24 imposed upon individuals, trusts, and estates by subsections
25 (a) and (b) of Section 201 of this Act, minus deposits into the
26 Income Tax Refund Fund, into the Commitment to Human Services

1 Fund:

2 (1) beginning February 1, 2015, and prior to February
3 1, 2025, 1/30; and

4 (2) beginning February 1, 2025, 1/26.

5 If the rate of tax imposed by subsection (a) and (b) of
6 Section 201 is reduced pursuant to Section 201.5 of this Act,
7 the Department shall not make the deposits required by this
8 subsection (g) on or after the effective date of the
9 reduction.

10 (h) Deposits into the Tax Compliance and Administration
11 Fund. Beginning on the first day of the first calendar month to
12 occur on or after August 26, 2014 (the effective date of Public
13 Act 98-1098), each month the Department shall pay into the Tax
14 Compliance and Administration Fund, to be used, subject to
15 appropriation, to fund additional auditors and compliance
16 personnel at the Department, an amount equal to 1/12 of 5% of
17 the cash receipts collected during the preceding fiscal year
18 by the Audit Bureau of the Department from the tax imposed by
19 subsections (a), (b), (c), and (d) of Section 201 of this Act,
20 net of deposits into the Income Tax Refund Fund made from those
21 cash receipts.

22 (Source: P.A. 101-8, see Section 99 for effective date;
23 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-636, eff.
24 6-10-20; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658,
25 eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff. 4-19-22;
26 102-813, eff. 5-13-22; revised 8-2-22.)

1 Section 20. The Illinois Municipal Code is amended by
2 changing Sections 8-12-3, 8-12-4, 8-12-10, 8-12-18, and
3 8-12-24 as follows:

4 (65 ILCS 5/8-12-3) (from Ch. 24, par. 8-12-3)

5 Sec. 8-12-3. As used in this Division:

6 (1) "Authority" means the "(Name of Financially Distressed
7 City) Financial Advisory Authority".

8 (2) "Financially distressed city" means any municipality
9 which: ~~is a home rule unit and which~~ (i) is a home rule unit
10 certified by the Department of Revenue as being in the highest
11 5% of all home rule municipalities in terms of the aggregate of
12 the rate per cent of all taxes levied pursuant to statute or
13 ordinance upon all taxable property of the municipality and as
14 being in the lowest 5% of all home rule municipalities in terms
15 of per capita tax yield, or is a non-home rule unit certified
16 by the Department of Revenue as being in the highest 5% of all
17 non-home rule municipalities in terms of the aggregate of the
18 rate per cent of all taxes levied pursuant to statute or
19 ordinance upon all taxable property of the municipality and as
20 being in the lowest 5% of all non-home rule municipalities in
21 terms of per capita tax yield; and (ii) is designated by joint
22 resolution of the General Assembly as a financially distressed
23 city.

24 (3) "Home rule municipality" means a municipality which is

1 a home rule unit as provided in Section 6 of Article VII of the
2 Illinois Constitution.

3 (4) "Budget" means an annual appropriation ordinance or
4 annual budget as described in Division 2 of Article 8, as from
5 time to time in effect in the financially distressed city.

6 (5) "Chairperson" means the chairperson of the Authority
7 appointed pursuant to Section 8-12-7.

8 (6) "Financial Plan" means the financially distressed
9 city's financial plan as developed pursuant to Section
10 8-12-15, as from time to time in effect.

11 (7) "Fiscal year" means the fiscal year of the financially
12 distressed city.

13 (8) "Obligations" means bonds, notes or other evidence of
14 indebtedness issued by the Illinois Finance Authority in
15 connection with the provision of financial aid to a
16 financially distressed city pursuant to this Division and
17 applicable provisions of the Illinois Finance Authority Act.

18 (Source: P.A. 93-205, eff. 1-1-04.)

19 (65 ILCS 5/8-12-4) (from Ch. 24, par. 8-12-4)

20 Sec. 8-12-4. In order to receive assistance as provided in
21 this Division, a ~~home-rule~~ municipality shall first, by
22 ordinance passed by its corporate authorities, request (i)
23 that the Department of Revenue certify that it is in the
24 highest 5% of all home rule or non-home rule municipalities,
25 respectively, in terms of the aggregate of the rate per cent of

1 all taxes levied pursuant to statute or ordinance upon all
2 taxable property of the municipality and in the lowest 5% of
3 all home rule or non-home rule municipalities, respectively,
4 in terms of per capita tax yield, and (ii) that the General
5 Assembly by joint resolution designate it as a financially
6 distressed city. A ~~home-rule~~ municipality which is so
7 certified and designated as a financially distressed city and
8 which desires to receive assistance as provided in this
9 Division shall, by ordinance passed by its corporate
10 authorities, request that a financial advisory authority be
11 appointed for the municipality and that the municipality ~~city~~
12 ~~and that the city~~ receive assistance as provided in this
13 Division, and shall file a certified copy of that ordinance
14 with the Governor, with the Clerk of the House of
15 Representatives and with the Secretary of the Senate. Upon the
16 filing of the certified copies of that ordinance as required
17 by this Section this Division and all of its provisions shall
18 then and thereafter be applicable to the financially
19 distressed city, shall govern and control its financial
20 accounting, budgeting and taxing procedures and practices,
21 and, subject to the limitations of subsection (a) of Section
22 8-12-22, shall remain in full force and effect with respect
23 thereto until such time as the financial advisory authority
24 established under Section 8-12-5 is abolished as provided in
25 subsection (c) of Section 8-12-22.

26 (Source: P.A. 86-1211.)

1 (65 ILCS 5/8-12-10) (from Ch. 24, par. 8-12-10)

2 Sec. 8-12-10. Any State agency or unit of local
3 government, within its respective function, may render such
4 services and technical assistance to the Authority as the
5 Authority may request. Upon the Authority's request any such
6 agency or unit of local government may transfer to the
7 Authority such officers and employees as the Authority and any
8 such agency or unit of local government deem necessary to
9 carry out the Authority's functions and duties. Officers and
10 employees so transferred shall not lose or forfeit their
11 employment status or rights.

12 (Source: P.A. 86-1211.)

13 (65 ILCS 5/8-12-18) (from Ch. 24, par. 8-12-18)

14 Sec. 8-12-18. (a) The financially distressed city shall
15 meet its debt service obligations as they become due. No other
16 expenditure shall be made by the city unless it is consistent
17 with the Financial Plan and Budget in effect. The State shall
18 not reduce revenues or impose additional costs affecting the
19 financially distressed city, including, but not limited to,
20 the revenue offsets authorized under Sections 3-125, 4-118,
21 and 7-172.1 of the Illinois Pension Code and deductions from
22 warrants under Section 10.05 of the State Comptroller Act
23 unless it is consistent with the Financial Plan and Budget in
24 effect. This subsection does not limit the Department of

1 Revenue's authority to reduce revenues to correct an error.

2 (b) State mandates enacted while a municipality is
3 designated as a financially distressed city that would cause
4 the municipality to incur additional costs are not valid or
5 enforceable against the municipality during the period when
6 the municipality is under the financially distressed city
7 designation.

8 (Source: P.A. 86-1211.)

9 (65 ILCS 5/8-12-24) (from Ch. 24, par. 8-12-24)

10 Sec. 8-12-24. A municipality ~~home rule unit~~ which is a
11 financially distressed city to which this Division is
12 applicable as provided in Section 8-12-4 may not employ
13 financial or fiscal accounting or budgetary procedures or
14 systems, nor place into effect any Financial Plan or Budget,
15 nor enter into any contract or make any expenditure, nor
16 otherwise conduct its financial and fiscal affairs or take
17 other action in a manner inconsistent with the provisions of
18 this Division, until such time as the powers and
19 responsibilities of the Authority are terminated as provided
20 in Section 8-12-22. This Section is a limitation under
21 subsection (i) of Section 6 of Article VII of the Illinois
22 Constitution on the concurrent exercise by home rule units
23 which are financially distressed cities to which this Division
24 is applicable as provided in Section 8-12-4 of powers and
25 functions exercised by the State.

1 (Source: P.A. 86-1211.)

2 Section 99. Effective date. This Act takes effect January
3 1, 2024.