

SB2296



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB2296

Introduced 2/20/2009, by Sen. Chris Lauzen

SYNOPSIS AS INTRODUCED:

30 ILCS 330/2 from Ch. 127, par. 652
30 ILCS 330/7.3 new
30 ILCS 330/12 from Ch. 127, par. 662

Amends the General Obligation Bond Act. Authorizes an additional \$10,000,000,000 for making contributions to the State Employees', Teachers', State Universities, Judges, and General Assembly Retirement Systems. Effective immediately.

LRB096 09363 RCE 19520 b

FISCAL NOTE ACT
MAY APPLY

STATE DEBT
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

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 General Obligation Bond Act is amended by
5 changing Sections 2 and 12 and by adding Section 7.3 as
6 follows:

7 (30 ILCS 330/2) (from Ch. 127, par. 652)

8 Sec. 2. Authorization for Bonds. The State of Illinois is
9 authorized to issue, sell and provide for the retirement of
10 General Obligation Bonds of the State of Illinois for the
11 categories and specific purposes expressed in Sections 2
12 through 8 of this Act, in the total amount of \$37,693,149,369
13 ~~\$27,693,149,369~~.

14 The bonds authorized in this Section 2 and in Section 16 of
15 this Act are herein called "Bonds".

16 Of the total amount of Bonds authorized in this Act, up to
17 \$2,200,000,000 in aggregate original principal amount may be
18 issued and sold in accordance with the Baccalaureate Savings
19 Act in the form of General Obligation College Savings Bonds.

20 Of the total amount of Bonds authorized in this Act, up to
21 \$300,000,000 in aggregate original principal amount may be
22 issued and sold in accordance with the Retirement Savings Act
23 in the form of General Obligation Retirement Savings Bonds.

1 Of the total amount of Bonds authorized in this Act, the
2 additional \$10,000,000,000 authorized by this amendatory Act
3 of the 93rd General Assembly shall be used solely as provided
4 in Section 7.2.

5 The issuance and sale of Bonds pursuant to the General
6 Obligation Bond Act is an economical and efficient method of
7 financing the long-term capital needs of the State. This Act
8 will permit the issuance of a multi-purpose General Obligation
9 Bond with uniform terms and features. This will not only lower
10 the cost of registration but also reduce the overall cost of
11 issuing debt by improving the marketability of Illinois General
12 Obligation Bonds.

13 (Source: P.A. 95-1026, eff. 1-12-09.)

14 (30 ILCS 330/7.3 new)

15 Sec. 7.3. Additional State pension funding.

16 (a) The amount of \$10,000,000,000 is authorized to be used
17 for the purpose of making contributions to the designated
18 retirement systems. Interest payable on Bonds issued under this
19 Section shall be at a fixed rate not to exceed a true interest
20 cost of 5%. Bonds issued under this Section shall comply with
21 all provisions of this Act, including but not limited to the
22 requirements for equal principal amounts not to exceed 25 years
23 as required by Section 9. For the purposes of this Section,
24 "designated retirement systems" means the State Employees'
25 Retirement System of Illinois; the Teachers' Retirement System

1 of the State of Illinois; the State Universities Retirement
2 System; the Judges Retirement System of Illinois; and the
3 General Assembly Retirement System.

4 (b) The proceeds of the additional \$10,000,000,000 of Bonds
5 authorized by this amendatory Act of the 96th General Assembly,
6 less the amounts authorized in the Bond Sale Order for accrued
7 interest and directly paid out for bond sale expenses under
8 Section 8, shall be deposited into the Pension Contribution
9 Fund and used as provided in this Section.

10 (c) All amounts deposited into the Pension Contribution
11 Fund shall be appropriated to the designated retirement systems
12 to reduce their actuarial reserve deficiencies. The amount of
13 the appropriation to each designated retirement system shall
14 constitute a portion of the total appropriation under this
15 subsection that is the same as that retirement system's portion
16 of the total actuarial reserve deficiency of the systems, as
17 most recently determined by the Governor's Office of Management
18 and Budget under Section 8.12 of the State Finance Act.

19 Within 15 days after any Bond proceeds in excess of the
20 amounts initially reserved under subsection (c) are deposited
21 into the Pension Contribution Fund, the Governor's Office of
22 Management and Budget shall (i) allocate those proceeds among
23 the designated retirement systems in proportion to their
24 respective actuarial reserve deficiencies, as most recently
25 determined under Section 8.12 of the State Finance Act, and
26 (ii) certify those allocations to the designated retirement

1 systems and the Comptroller.

2 Upon receiving certification of an allocation under this
3 subsection, a designated retirement system shall submit to the
4 Comptroller a voucher for the amount of its allocation. The
5 voucher shall be paid out of the amount appropriated to that
6 designated retirement system from the Pension Contribution
7 Fund pursuant to this subsection.

8 (30 ILCS 330/12) (from Ch. 127, par. 662)

9 Sec. 12. Allocation of Proceeds from Sale of Bonds.

10 (a) Proceeds from the sale of Bonds, authorized by Section
11 3 of this Act, shall be deposited in the separate fund known as
12 the Capital Development Fund.

13 (b) Proceeds from the sale of Bonds, authorized by
14 paragraph (a) of Section 4 of this Act, shall be deposited in
15 the separate fund known as the Transportation Bond, Series A
16 Fund.

17 (c) Proceeds from the sale of Bonds, authorized by
18 paragraphs (b) and (c) of Section 4 of this Act, shall be
19 deposited in the separate fund known as the Transportation
20 Bond, Series B Fund.

21 (d) Proceeds from the sale of Bonds, authorized by Section
22 5 of this Act, shall be deposited in the separate fund known as
23 the School Construction Fund.

24 (e) Proceeds from the sale of Bonds, authorized by Section
25 6 of this Act, shall be deposited in the separate fund known as

1 the Anti-Pollution Fund.

2 (f) Proceeds from the sale of Bonds, authorized by Section
3 7 of this Act, shall be deposited in the separate fund known as
4 the Coal Development Fund.

5 (f-2) Proceeds from the sale of Bonds, authorized by
6 Section 7.2 of this Act, shall be deposited as set forth in
7 Section 7.2. Proceeds from the sale of Bonds, authorized by
8 Section 7.3 of this Act, shall be deposited as set forth in
9 Section 7.3.

10 (f-5) Proceeds from the sale of Bonds, authorized by
11 Section 7.5 of this Act, shall be deposited as set forth in
12 Section 7.5.

13 (g) Proceeds from the sale of Bonds, authorized by Section
14 8 of this Act, shall be deposited in the Capital Development
15 Fund.

16 (h) Subsequent to the issuance of any Bonds for the
17 purposes described in Sections 2 through 8 of this Act, the
18 Governor and the Director of the Governor's Office of
19 Management and Budget may provide for the reallocation of
20 unspent proceeds of such Bonds to any other purposes authorized
21 under said Sections of this Act, subject to the limitations on
22 aggregate principal amounts contained therein. Upon any such
23 reallocation, such unspent proceeds shall be transferred to the
24 appropriate funds as determined by reference to paragraphs (a)
25 through (g) of this Section.

26 (Source: P.A. 93-2, eff. 4-7-03; 94-793, eff. 5-19-06.)

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