



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5163

Introduced 2/8/2012, by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

30 ILCS 350/11

from Ch. 17, par. 6911

Amends the Local Government Debt Reform Act. Provides that bonds that have been refunded shall not be considered to be indebtedness for the purposes of any statutory or other debt limitation if the refunded bonds are secured by and to be paid as to principal, interest, and premium from an escrow account that is invested in certain obligations and is determined to be sufficient for the timely payment of principal and interest on the refunded bonds. Provides that any governmental unit may deposit cash into an escrow account to be held uninvested for the purpose of refunding or providing for the payment of principal, interest, and premium on its bonds.

LRB097 18390 PJG 63616 b

FISCAL 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 Local Government Debt Reform Act is amended
5 by changing Section 11 as follows:

6 (30 ILCS 350/11) (from Ch. 17, par. 6911)

7 Sec. 11. Refundings and redemption premiums. Bonds may be
8 refunded or advance refunded upon such terms as the governing
9 body may set in accordance with this Act, for such term of
10 years, not in excess of the maximum term of years permitted by
11 applicable law for the bonds to be refunded, and in such
12 principal amount, all as may be deemed necessary by the
13 governing body. Revenue bonds may be issued to refund general
14 obligation bonds or alternate bonds issued under this Act.
15 General obligation bonds shall not be issued to refund revenue
16 bonds or alternate bonds except as expressly permitted by
17 applicable law. Any redemption premium payable upon the
18 redemption of bonds may be payable from the proceeds of
19 refunding bonds which may be issued for the purpose of
20 refunding such bonds, from any other lawfully available source
21 or from both proceeds and such other sources.

22 Bonds which have been refunded shall not be considered to
23 be indebtedness for the purposes of any statutory or other debt

1 limitation if such refunded bonds are secured by and to be paid
2 as to principal, interest, and premium, if any, from an escrow
3 account which is: (i) invested in (a) obligations of the United
4 States of America, (b) obligations which are guaranteed by the
5 full faith and credit of the United States of America as to the
6 timely payment of principal and interest, or (c) bonds of any
7 state or governmental unit that are rated at the time of
8 purchase within the 3 highest general classifications
9 established by a rating service of nationally recognized
10 expertise in rating bonds of states and their political
11 subdivisions; and (ii) determined by an independent certified
12 public accountant or nationally recognized feasibility analyst
13 to be sufficient to provide for the timely payment of principal
14 of and interest on the refunded bonds when due or upon
15 redemption.

16 Any governmental unit may deposit cash into an escrow
17 account to be held uninvested for the purpose of refunding or
18 providing for the payment of principal, interest, and premium,
19 if any, on its bonds, and bonds which have been so refunded or
20 provided for shall not be considered to be indebtedness for the
21 purposes of any statutory or other debt limitation.

22 (Source: P.A. 90-306, eff. 8-1-97.)