

SB0003



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB0003

Introduced 1/13/2011, by Sen. John J. Cullerton

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Finance Act. Creates the General Obligation Restructuring Bond Fund and the General Obligation Restructuring Bond Debt Service Fund as special funds in the State treasury. Provides that the Comptroller shall transfer into the General Obligation Restructuring Bond Debt Service Fund certain amounts to service debt due on State General Obligation Restructuring Bonds. Amends the General Obligation Bond Act. Increases total authorized amount of General Obligation Bonds. Provides that the \$8,750,000,000 of Bonds authorized by this amendatory Act shall be used to pay vouchers that are at least 60 days past due, medical expenses incurred by the State under its health plans, corporate income tax refunds, and other operating expenses of the State. Provides that the proceeds of these Bonds shall be deposited in the General Obligation Restructuring Bond Fund. Provides for the conditions for issuance and sale of State General Obligation Restructuring Bonds. Makes other changes. Effective immediately.

LRB097 05755 PJG 45819 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 State Finance Act is amended by adding
5 Sections 5.786, 5.787, 6z-85, 6z-86, and 6z-87 as follows:

6 (30 ILCS 105/5.786 new)

7 Sec. 5.786. General Obligation Restructuring Bond Fund.

8 (30 ILCS 105/5.787 new)

9 Sec. 5.787. General Obligation Restructuring Bond Debt
10 Service Fund.

11 (30 ILCS 105/6z-85 new)

12 Sec. 6z-85. State General Obligation Restructuring Bonds.

13 If and when the State issues any State General Obligation
14 Restructuring Bonds defined in Section 7.6 of the General
15 Obligation Bond Act, the Comptroller shall transfer into the
16 State General Obligation Restructuring Bond Debt Service Fund
17 the amounts set forth in this Section 6z-85. The Governor's
18 Office of Management and Budget shall certify to the
19 Comptroller and the Treasurer, on the date of issuance of any
20 State General Obligation Restructuring Bond and thereafter by
21 the last business day of each fiscal year, the amount of funds

1 sufficient to pay the aggregate of the principal of, interest
2 on, and premium, if any, on State General Obligation
3 Restructuring Bonds payable with respect to the prospective
4 fiscal year (or, in the case of a partial fiscal year, for the
5 remainder of that fiscal year). Interest payable on variable
6 rate bonds shall be calculated at the maximum rate of interest
7 that may be payable for the relevant period, after taking into
8 account any credits permitted in the related indenture or other
9 instrument against the amount of interest required to be
10 appropriated for that period pursuant to subsection (c) of
11 Section 14 of the General Obligation Bond Act. Commencing with
12 the first business day of the fiscal year to which such
13 certification relates (or, in the case of a partial fiscal
14 year, the first business day of the month following the month
15 in which State General Obligation Restructuring Bonds were
16 issued) and continuing on a monthly basis for each successive
17 month thereafter, the Treasurer and the Comptroller shall
18 transfer \$129,000,000 into the State General Obligation
19 Restructuring Bond Debt Service Fund. The Comptroller shall
20 continue making monthly transfers into the State General
21 Obligation Restructuring Bond Debt Service Fund until such time
22 as the aggregate amount of funds transferred into the State
23 General Obligation Restructuring Bond Debt Service Fund in a
24 fiscal year (or partial period) equals the amount of funds
25 necessary to service the debt for such fiscal year (or partial
26 period) on the Bonds, as certified by the Governor's Office of

1 Management and Budget. Such amounts shall be set aside and used
2 for the purpose of paying and discharging the principal and
3 interest on such bonds when due and payable and for no other
4 purpose. Interest on Bonds for which moneys have already been
5 deposited into the capitalized interest account within the
6 General Obligation Bond Retirement and Interest Fund shall not
7 be included in the calculation of the amounts to be transferred
8 under this subsection.

9 (30 ILCS 105/6z-86 new)

10 Sec. 6z-86. General Obligation Restructuring Bond Fund.
11 The General Obligation Restructuring Bond Fund is created as a
12 special fund in the State treasury for the purpose of receiving
13 and disbursing moneys in accordance with Section 7.6 of the
14 General Obligation Bond Act. All money in the General
15 Obligation Restructuring Bond Fund must be used to make the
16 transfers and payments required under that Section.

17 (30 ILCS 105/6z-87 new)

18 Sec. 6z-87. General Obligation Restructuring Bond Debt
19 Service Fund. The General Obligation Restructuring Bond Debt
20 Service Fund is created as a special fund in the State
21 treasury.

22 Section 10. The General Obligation Bond Act is amended by
23 changing Sections 2, 2.5, 8, 9, 12, 13, 14, and 15 and by

1 adding Section 7.6 as follows:

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

3 Sec. 2. Authorization for Bonds. The State of Illinois is
4 authorized to issue, sell and provide for the retirement of
5 General Obligation Bonds of the State of Illinois for the
6 categories and specific purposes expressed in Sections 2
7 through 8 of this Act, in the total amount of \$45,967,777,443
8 ~~\$37,217,777,443~~ ~~\$36,967,777,443~~.

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

11 Of the total amount of Bonds authorized in this Act, up to
12 \$2,200,000,000 in aggregate original principal amount may be
13 issued and sold in accordance with the Baccalaureate Savings
14 Act in the form of General Obligation College Savings Bonds.

15 Of the total amount of Bonds authorized in this Act, up to
16 \$300,000,000 in aggregate original principal amount may be
17 issued and sold in accordance with the Retirement Savings Act
18 in the form of General Obligation Retirement Savings Bonds.

19 Of the total amount of Bonds authorized in this Act, the
20 additional \$10,000,000,000 authorized by Public Act 93-2 and
21 the \$3,466,000,000 authorized by Public Act 96-43 shall be used
22 solely as provided in Section 7.2.

23 Of the total amount of Bonds authorized in this Act,
24 \$8,750,000,000 of the additional amount of Bonds authorized by
25 this amendatory Act of the 97th General Assembly shall be used

1 solely as provided in Section 7.6 and shall be issued by July
2 1, 2012.

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

11 (Source: P.A. 95-1026, eff. 1-12-09; 96-5, eff. 4-3-09; 96-36,
12 eff. 7-13-09; 96-43, eff. 7-15-09; 96-885, eff. 3-11-10;
13 96-1000, eff. 7-2-10; revised 9-3-10.)

14 (30 ILCS 330/2.5)

15 Sec. 2.5. Limitation on issuance of Bonds.

16 (a) Except as provided in subsections ~~subsection~~ (b) and
17 (c), no Bonds may be issued if, after the issuance, in the next
18 State fiscal year after the issuance of the Bonds, the amount
19 of debt service (including principal, whether payable at
20 maturity or pursuant to mandatory sinking fund installments,
21 and interest) on all then-outstanding Bonds, other than Bonds
22 authorized by this amendatory Act of the 96th General Assembly,
23 would exceed 7% of the aggregate appropriations from the
24 general funds (which consist of the General Revenue Fund, the
25 Common School Fund, the General Revenue Common School Special

1 Account Fund, and the Education Assistance Fund) and the Road
2 Fund for the fiscal year immediately prior to the fiscal year
3 of the issuance.

4 (b) If the Comptroller and Treasurer each consent in
5 writing, Bonds may be issued even if the issuance does not
6 comply with subsection (a).

7 (c) Subsection (a) shall not apply to bonds authorized in
8 Section 7.6, and the debt service, including principal, whether
9 payable at maturity or pursuant to mandatory sinking fund
10 installments, and interest, on Bonds authorized in Section 7.6
11 shall be excluded from the calculation set forth in subsection
12 (a).

13 (Source: P.A. 96-43, eff. 7-15-09.)

14 (30 ILCS 330/7.6 new)

15 Sec. 7.6. State General Obligation Restructuring Bonds.

16 (a) The amount of \$8,750,000,000 of Bonds authorized by
17 this amendatory Act of the 97th General Assembly is authorized
18 to be used for the purposes of (i) paying, from time to time,
19 vouchers that are at least 60 days past due; (ii) paying
20 medical expenses and other obligations incurred by the State
21 under its health plans and programs; (iii) paying corporate
22 income tax refunds; and (iv) paying other unfunded liabilities
23 of the State as incurred from time to time.

24 (b) As used in this Act, "State General Obligation
25 Restructuring Bonds" means Bonds authorized by this amendatory

1 Act of the 97th General Assembly and issued under this Act for
2 the purposes authorized in this Section. References to Bonds
3 authorized under this Section 7.6 mean Bonds, the proceeds of
4 which are to be used as authorized in subsection (a).

5 (c) The proceeds of State General Obligation Restructuring
6 Bonds, less the amounts authorized in the Bond Sale Order to be
7 deposited directly into the capitalized interest account of the
8 General Obligation Bond Retirement and Interest Fund or
9 otherwise directly paid out for bond sale expenses under
10 Section 8, shall be deposited into the General Obligation
11 Restructuring Bond Fund, and the Comptroller and the Treasurer
12 shall, as soon as practical, (i) make transfers from the
13 General Obligation Restructuring Bond Fund to the General
14 Revenue Fund for the purpose of making the payments
15 contemplated by this Section and (ii) make such payments.

16 (30 ILCS 330/8) (from Ch. 127, par. 658)

17 Sec. 8. Bond sale expenses.

18 (a) An amount not to exceed 0.5 percent of the principal
19 amount of the proceeds of sale of each bond sale is authorized
20 to be used to pay the reasonable costs of issuance and sale,
21 including, without limitation, underwriter's discounts and
22 fees, but excluding bond insurance, of State of Illinois
23 general obligation bonds authorized and sold pursuant to this
24 Act, provided that no salaries of State employees or other
25 State office operating expenses shall be paid out of

1 non-appropriated proceeds, provided further that the percent
2 shall be 1.0% for each sale of "Build America Bonds" or
3 "Qualified School Construction Bonds" as defined in
4 subsections (d) and (e) of Section 9, respectively, and for
5 each sale of Bonds authorized by Section 7.6. The Governor's
6 Office of Management and Budget shall compile a summary of all
7 costs of issuance on each sale (including both costs paid out
8 of proceeds and those paid out of appropriated funds) and post
9 that summary on its web site within 20 business days after the
10 issuance of the Bonds. The summary shall include, as
11 applicable, the respective percentages of participation and
12 compensation of each underwriter that is a member of the
13 underwriting syndicate, legal counsel, financial advisors, and
14 other professionals for the bond issue and an identification of
15 all costs of issuance paid to minority owned businesses, female
16 owned businesses, and businesses owned by persons with
17 disabilities. The terms "minority owned businesses", "female
18 owned businesses", and "business owned by a person with a
19 disability" have the meanings given to those terms in the
20 Business Enterprise for Minorities, Females, and Persons with
21 Disabilities Act. That posting shall be maintained on the web
22 site for a period of at least 30 days. In addition, the
23 Governor's Office of Management and Budget shall provide a
24 written copy of each summary of costs to the Speaker and
25 Minority Leader of the House of Representatives, the President
26 and Minority Leader of the Senate, and the Commission on

1 Government Forecasting and Accountability within 20 business
2 days after each issuance of the Bonds. In addition, the
3 Governor's Office of Management and Budget shall provide copies
4 of all contracts under which any costs of issuance are paid or
5 to be paid to the Commission on Government Forecasting and
6 Accountability within 20 business days after the issuance of
7 Bonds for which those costs are paid or to be paid. Instead of
8 filing a second or subsequent copy of the same contract, the
9 Governor's Office of Management and Budget may file a statement
10 that specified costs are paid under specified contracts filed
11 earlier with the Commission.

12 (b) The Director of the Governor's Office of Management and
13 Budget shall not, in connection with the issuance of Bonds,
14 contract with any underwriter, financial advisor, or attorney
15 unless that underwriter, financial advisor, or attorney
16 certifies that the underwriter, financial advisor, or attorney
17 has not and will not pay a contingent fee, whether directly or
18 indirectly, to a third party for having promoted the selection
19 of the underwriter, financial advisor, or attorney for that
20 contract. In the event that the Governor's Office of Management
21 and Budget determines that an underwriter, financial advisor,
22 or attorney has filed a false certification with respect to the
23 payment of contingent fees, the Governor's Office of Management
24 and Budget shall not contract with that underwriter, financial
25 advisor, or attorney, or with any firm employing any person who
26 signed false certifications, for a period of 2 calendar years,

1 beginning with the date the determination is made. The validity
2 of Bonds issued under such circumstances of violation pursuant
3 to this Section shall not be affected.

4 (Source: P.A. 96-828, eff. 12-2-09.)

5 (30 ILCS 330/9) (from Ch. 127, par. 659)

6 Sec. 9. Conditions for Issuance and Sale of Bonds -
7 Requirements for Bonds.

8 (a) Except as otherwise provided in this subsection and as
9 provided for in subsection (f), Bonds shall be issued and sold
10 from time to time, in one or more series, in such amounts and
11 at such prices as may be directed by the Governor, upon
12 recommendation by the Director of the Governor's Office of
13 Management and Budget. Bonds shall be in such form (either
14 coupon, registered or book entry), in such denominations,
15 payable within 25 years from their date, subject to such terms
16 of redemption with or without premium, bear interest payable at
17 such times and at such fixed or variable rate or rates, and be
18 dated as shall be fixed and determined by the Director of the
19 Governor's Office of Management and Budget in the order
20 authorizing the issuance and sale of any series of Bonds, which
21 order shall be approved by the Governor and is herein called a
22 "Bond Sale Order"; provided however, that interest payable at
23 fixed or variable rates shall not exceed that permitted in the
24 Bond Authorization Act, as now or hereafter amended. Bonds
25 shall be payable at such place or places, within or without the

1 State of Illinois, and may be made registrable as to either
2 principal or as to both principal and interest, as shall be
3 specified in the Bond Sale Order. Bonds may be callable or
4 subject to purchase and retirement or tender and remarketing as
5 fixed and determined in the Bond Sale Order. Bonds, other than
6 Bonds issued under Section 3 of this Act for the costs
7 associated with the purchase and implementation of information
8 technology, (i) except for refunding Bonds satisfying the
9 requirements of Section 16 of this Act and sold during fiscal
10 year 2009, 2010, or 2011, must be issued with principal or
11 mandatory redemption amounts in equal amounts, with the first
12 maturity issued occurring within the fiscal year in which the
13 Bonds are issued or within the next succeeding fiscal year and
14 (ii) must mature or be subject to mandatory redemption each
15 fiscal year thereafter up to 25 years, except for refunding
16 Bonds satisfying the requirements of Section 16 of this Act and
17 sold during fiscal year 2009, 2010, or 2011 which must mature
18 or be subject to mandatory redemption each fiscal year
19 thereafter up to 16 years. Bonds issued under Section 3 of this
20 Act for the costs associated with the purchase and
21 implementation of information technology must be issued with
22 principal or mandatory redemption amounts in equal amounts,
23 with the first maturity issued occurring with the fiscal year
24 in which the respective bonds are issued or with the next
25 succeeding fiscal year, with the respective bonds issued
26 maturing or subject to mandatory redemption each fiscal year

1 thereafter up to 10 years. Notwithstanding any provision of
2 this Act to the contrary, the Bonds authorized by Public Act
3 96-43 shall be payable within 5 years from their date and must
4 be issued with principal or mandatory redemption amounts in
5 equal amounts, with payment of principal or mandatory
6 redemption beginning in the first fiscal year following the
7 fiscal year in which the Bonds are issued.

8 In the case of any series of Bonds bearing interest at a
9 variable interest rate ("Variable Rate Bonds"), in lieu of
10 determining the rate or rates at which such series of Variable
11 Rate Bonds shall bear interest and the price or prices at which
12 such Variable Rate Bonds shall be initially sold or remarketed
13 (in the event of purchase and subsequent resale), the Bond Sale
14 Order may provide that such interest rates and prices may vary
15 from time to time depending on criteria established in such
16 Bond Sale Order, which criteria may include, without
17 limitation, references to indices or variations in interest
18 rates as may, in the judgment of a remarketing agent, be
19 necessary to cause Variable Rate Bonds of such series to be
20 remarketable from time to time at a price equal to their
21 principal amount, and may provide for appointment of a bank,
22 trust company, investment bank, or other financial institution
23 to serve as remarketing agent in that connection. The Bond Sale
24 Order may provide that alternative interest rates or provisions
25 for establishing alternative interest rates, different
26 security or claim priorities, or different call or amortization

1 provisions will apply during such times as Variable Rate Bonds
2 of any series are held by a person providing credit or
3 liquidity enhancement arrangements for such Bonds as
4 authorized in subsection (b) of this Section. The Bond Sale
5 Order may also provide for such variable interest rates to be
6 established pursuant to a process generally known as an auction
7 rate process and may provide for appointment of one or more
8 financial institutions to serve as auction agents and
9 broker-dealers in connection with the establishment of such
10 interest rates and the sale and remarketing of such Bonds.

11 (b) In connection with the issuance of any series of Bonds,
12 the State may enter into arrangements to provide additional
13 security and liquidity for such Bonds, including, without
14 limitation, bond or interest rate insurance or letters of
15 credit, lines of credit, bond purchase contracts, or other
16 arrangements whereby funds are made available to retire or
17 purchase Bonds, thereby assuring the ability of owners of the
18 Bonds to sell or redeem their Bonds. The State may enter into
19 contracts and may agree to pay fees to persons providing such
20 arrangements, but only under circumstances where the Director
21 of the Governor's Office of Management and Budget certifies
22 that he or she reasonably expects the total interest paid or to
23 be paid on the Bonds, together with the fees for the
24 arrangements (being treated as if interest), would not, taken
25 together, cause the Bonds to bear interest, calculated to their
26 stated maturity, at a rate in excess of the rate that the Bonds

1 would bear in the absence of such arrangements.

2 The State may, with respect to Bonds issued or anticipated
3 to be issued, participate in and enter into arrangements with
4 respect to interest rate protection or exchange agreements,
5 guarantees, or financial futures contracts for the purpose of
6 limiting, reducing, or managing interest rate exposure. The
7 authority granted under this paragraph, however, shall not
8 increase the principal amount of Bonds authorized to be issued
9 by law. The arrangements may be executed and delivered by the
10 Director of the Governor's Office of Management and Budget on
11 behalf of the State. Net payments for such arrangements shall
12 constitute interest on the Bonds and shall be paid from the
13 General Obligation Bond Retirement and Interest Fund. The
14 Director of the Governor's Office of Management and Budget
15 shall at least annually certify to the Governor and the State
16 Comptroller his or her estimate of the amounts of such net
17 payments to be included in the calculation of interest required
18 to be paid by the State.

19 (c) Prior to the issuance of any Variable Rate Bonds
20 pursuant to subsection (a), the Director of the Governor's
21 Office of Management and Budget shall adopt an interest rate
22 risk management policy providing that the amount of the State's
23 variable rate exposure with respect to Bonds shall not exceed
24 20%. This policy shall remain in effect while any Bonds are
25 outstanding and the issuance of Bonds shall be subject to the
26 terms of such policy. The terms of this policy may be amended

1 from time to time by the Director of the Governor's Office of
2 Management and Budget but in no event shall any amendment cause
3 the permitted level of the State's variable rate exposure with
4 respect to Bonds to exceed 20%.

5 (d) "Build America Bonds" in this Section means Bonds
6 authorized by Section 54AA of the Internal Revenue Code of
7 1986, as amended ("Internal Revenue Code"), and bonds issued
8 from time to time to refund or continue to refund "Build
9 America Bonds".

10 (e) Notwithstanding any other provision of this Section,
11 Qualified School Construction Bonds shall be issued and sold
12 from time to time, in one or more series, in such amounts and
13 at such prices as may be directed by the Governor, upon
14 recommendation by the Director of the Governor's Office of
15 Management and Budget. Qualified School Construction Bonds
16 shall be in such form (either coupon, registered or book
17 entry), in such denominations, payable within 25 years from
18 their date, subject to such terms of redemption with or without
19 premium, and if the Qualified School Construction Bonds are
20 issued with a supplemental coupon, bear interest payable at
21 such times and at such fixed or variable rate or rates, and be
22 dated as shall be fixed and determined by the Director of the
23 Governor's Office of Management and Budget in the order
24 authorizing the issuance and sale of any series of Qualified
25 School Construction Bonds, which order shall be approved by the
26 Governor and is herein called a "Bond Sale Order"; except that

1 interest payable at fixed or variable rates, if any, shall not
2 exceed that permitted in the Bond Authorization Act, as now or
3 hereafter amended. Qualified School Construction Bonds shall
4 be payable at such place or places, within or without the State
5 of Illinois, and may be made registrable as to either principal
6 or as to both principal and interest, as shall be specified in
7 the Bond Sale Order. Qualified School Construction Bonds may be
8 callable or subject to purchase and retirement or tender and
9 remarketing as fixed and determined in the Bond Sale Order.
10 Qualified School Construction Bonds must be issued with
11 principal or mandatory redemption amounts or sinking fund
12 payments into the General Obligation Bond Retirement and
13 Interest Fund (or subaccount therefor) in equal amounts, with
14 the first maturity issued, mandatory redemption payment or
15 sinking fund payment occurring within the fiscal year in which
16 the Qualified School Construction Bonds are issued or within
17 the next succeeding fiscal year, with Qualified School
18 Construction Bonds issued maturing or subject to mandatory
19 redemption or with sinking fund payments thereof deposited each
20 fiscal year thereafter up to 25 years. Sinking fund payments
21 set forth in this subsection shall be permitted only to the
22 extent authorized in Section 54F of the Internal Revenue Code
23 or as otherwise determined by the Director of the Governor's
24 Office of Management and Budget. "Qualified School
25 Construction Bonds" in this subsection means Bonds authorized
26 by Section 54F of the Internal Revenue Code and for bonds

1 issued from time to time to refund or continue to refund such
2 "Qualified School Construction Bonds".

3 (f) Notwithstanding any other provision of this Section,
4 State General Obligation Restructuring Bonds shall be issued
5 and sold from time to time, in one or more series, in such
6 amounts and at such prices as may be directed by the Governor,
7 upon recommendation by the Director of the Governor's Office of
8 Management and Budget. State General Obligation Restructuring
9 Bonds shall be in such form, either coupon, registered or book
10 entry, in such denominations, payable within 15 years from
11 their date, subject to the following terms of redemption with
12 or without premium and in accordance with the following
13 schedule, except the following amounts shall be prorated if
14 less than the total additional amount of State General
15 Obligation Restructuring Bonds authorized by this amendatory
16 Act of the 97th General Assembly are issued:

17 For fiscal year 2012, \$100,000,000;

18 For fiscal year 2013, \$100,000,000;

19 For fiscal year 2014, \$200,000,000;

20 For fiscal year 2015, \$450,000,000;

21 For fiscal years 2016 through 2025, \$765,000,000; and

22 For fiscal year 2026, \$250,000,000.

23 The State General Obligation Restructuring Bonds shall bear
24 interest payable at such times and at such fixed or variable
25 rate or rates, and be dated as shall be fixed and determined by
26 the Director of the Governor's Office of Management and Budget

1 in the order authorizing the issuance and sale of any series of
2 State General Obligation Restructuring Bonds, which order
3 shall be approved by the Governor and is herein called a "Bond
4 Sale Order"; provided however, that interest payable at fixed
5 or variable rates shall not exceed that permitted in the Bond
6 Authorization Act, as now or hereafter amended. State General
7 Obligation Restructuring Bonds shall be payable at such place
8 or places, within or without the State of Illinois, and may be
9 made registrable as to either principal or as to both principal
10 and interest, as shall be specified in the Bond Sale Order.
11 State General Obligation Restructuring Bonds may be callable or
12 subject to purchase and retirement or tender and remarketing as
13 fixed and determined in the Bond Sale Order.

14 (Source: P.A. 96-18, eff. 6-26-09; 96-37, eff. 7-13-09; 96-43,
15 eff. 7-15-09; 96-828, eff. 12-2-09.)

16 (30 ILCS 330/12) (from Ch. 127, par. 662)

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

18 (a) Proceeds from the sale of Bonds, authorized by Section
19 3 of this Act, shall be deposited in the separate fund known as
20 the Capital Development Fund.

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

25 (c) Proceeds from the sale of Bonds, authorized by

1 paragraphs (b) and (c) of Section 4 of this Act, shall be
2 deposited in the separate fund known as the Transportation
3 Bond, Series B Fund.

4 (c-1) Proceeds from the sale of Bonds, authorized by
5 paragraph (d) of Section 4 of this Act, shall be deposited into
6 the Transportation Bond Series D Fund, which is hereby created.

7 (d) Proceeds from the sale of Bonds, authorized by Section
8 5 of this Act, shall be deposited in the separate fund known as
9 the School Construction Fund.

10 (e) Proceeds from the sale of Bonds, authorized by Section
11 6 of this Act, shall be deposited in the separate fund known as
12 the Anti-Pollution Fund.

13 (f) Proceeds from the sale of Bonds, authorized by Section
14 7 of this Act, shall be deposited in the separate fund known as
15 the Coal Development Fund.

16 (f-2) Proceeds from the sale of Bonds, authorized by
17 Section 7.2 of this Act, shall be deposited as set forth in
18 Section 7.2.

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

22 (f-6) Proceeds from the sale of Bonds, authorized by
23 Section 7.6 of this Act, shall be deposited as set forth in
24 Section 7.6.

25 (g) Proceeds from the sale of Bonds, authorized by Section
26 8 of this Act, shall be deposited in the Capital Development

1 Fund.

2 (h) Subsequent to the issuance of any Bonds for the
3 purposes described in Sections 2 through 8 of this Act, the
4 Governor and the Director of the Governor's Office of
5 Management and Budget may provide for the reallocation of
6 unspent proceeds of such Bonds to any other purposes authorized
7 under said Sections of this Act, subject to the limitations on
8 aggregate principal amounts contained therein. Upon any such
9 reallocation, such unspent proceeds shall be transferred to the
10 appropriate funds as determined by reference to paragraphs (a)
11 through (g) of this Section.

12 (Source: P.A. 96-36, eff. 7-13-09.)

13 (30 ILCS 330/13) (from Ch. 127, par. 663)

14 Sec. 13. Appropriation of Proceeds from Sale of Bonds.

15 (a) At all times, the proceeds from the sale of Bonds
16 issued pursuant to this Act are subject to appropriation by the
17 General Assembly and, except as provided in Sections ~~Section~~
18 7.2 and 7.6, may be obligated or expended only with the written
19 approval of the Governor, in such amounts, at such times, and
20 for such purposes as the respective State agencies, as defined
21 in Section 1-7 of the Illinois State Auditing Act, as amended,
22 deem necessary or desirable for the specific purposes
23 contemplated in Sections 2 through 8 of this Act.

24 (b) Proceeds from the sale of Bonds for the purpose of
25 development of coal and alternative forms of energy shall be

1 expended in such amounts and at such times as the Department of
2 Commerce and Economic Opportunity, with the advice and
3 recommendation of the Illinois Coal Development Board for coal
4 development projects, may deem necessary and desirable for the
5 specific purpose contemplated by Section 7 of this Act. In
6 considering the approval of projects to be funded, the
7 Department of Commerce and Economic Opportunity shall give
8 special consideration to projects designed to remove sulfur and
9 other pollutants in the preparation and utilization of coal,
10 and in the use and operation of electric utility generating
11 plants and industrial facilities which utilize Illinois coal as
12 their primary source of fuel.

13 (c) Except as directed in subsection (c-1) or (c-2), any
14 monies received by any officer or employee of the state
15 representing a reimbursement of expenditures previously paid
16 from general obligation bond proceeds shall be deposited into
17 the General Obligation Bond Retirement and Interest Fund
18 authorized in Section 14 of this Act.

19 (c-1) Any money received by the Department of
20 Transportation as reimbursement for expenditures for high
21 speed rail purposes pursuant to appropriations from the
22 Transportation Bond, Series B Fund for (i) CREATE (Chicago
23 Region Environmental and Transportation Efficiency), (ii) High
24 Speed Rail, or (iii) AMTRAK projects authorized by the federal
25 government under the provisions of the American Recovery and
26 Reinvestment Act of 2009 or the Safe Accountable Flexible

1 Efficient Transportation Equity Act—A Legacy for Users
2 (SAFETEA-LU), or any successor federal transportation
3 authorization Act, shall be deposited into the Federal High
4 Speed Rail Trust Fund.

5 (c-2) Any money received by the Department of
6 Transportation as reimbursement for expenditures for transit
7 capital purposes pursuant to appropriations from the
8 Transportation Bond, Series B Fund for projects authorized by
9 the federal government under the provisions of the American
10 Recovery and Reinvestment Act of 2009 or the Safe Accountable
11 Flexible Efficient Transportation Equity Act—A Legacy for
12 Users (SAFETEA-LU), or any successor federal transportation
13 authorization Act, shall be deposited into the Federal Mass
14 Transit Trust Fund.

15 (Source: P.A. 96-1488, eff. 12-30-10.)

16 (30 ILCS 330/14) (from Ch. 127, par. 664)

17 Sec. 14. Repayment.

18 (a) To provide for the manner of repayment of Bonds, the
19 Governor shall include an appropriation in each annual State
20 Budget of monies in such amount as shall be necessary and
21 sufficient, for the period covered by such budget, to pay the
22 interest, as it shall accrue, on all Bonds issued under this
23 Act, to pay and discharge the principal of such Bonds as shall,
24 by their terms, fall due during such period, to pay a premium,
25 if any, on Bonds to be redeemed prior to the maturity date, and

1 to pay sinking fund payments in connection with Qualified
2 School Construction Bonds authorized by subsection (e) of
3 Section 9. Amounts included in such appropriations for the
4 payment of interest on variable rate bonds shall be the maximum
5 amounts of interest that may be payable for the period covered
6 by the budget, after taking into account any credits permitted
7 in the related indenture or other instrument against the amount
8 of such interest required to be appropriated for such period.
9 Amounts included in such appropriations for the payment of
10 interest shall include the amounts certified by the Director of
11 the Governor's Office of Management and Budget under subsection
12 (b) of Section 9 of this Act.

13 (b) A separate fund in the State Treasury called the
14 "General Obligation Bond Retirement and Interest Fund" is
15 hereby created.

16 (c) The General Assembly shall annually make
17 appropriations to pay the principal of, interest on, and
18 premium, if any, on Bonds sold under this Act from the General
19 Obligation Bond Retirement and Interest Fund. Amounts included
20 in such appropriations for the payment of interest on variable
21 rate bonds shall be the maximum amounts of interest that may be
22 payable during the fiscal year, after taking into account any
23 credits permitted in the related indenture or other instrument
24 against the amount of such interest required to be appropriated
25 for such period. Amounts included in such appropriations for
26 the payment of interest shall include the amounts certified by

1 the Director of the Governor's Office of Management and Budget
2 under subsection (b) of Section 9 of this Act.

3 If for any reason there are insufficient funds in ~~either~~
4 the General Revenue Fund, ~~or~~ the Road Fund, or the State
5 General Obligation Restructuring Bond Debt Service Fund to make
6 transfers to the General Obligation Bond Retirement and
7 Interest Fund as required by Section 15 of this Act, or if for
8 any reason the General Assembly fails to make appropriations
9 sufficient to pay the principal of, interest on, and premium,
10 if any, on the Bonds, as the same by their terms shall become
11 due, this Act shall constitute an irrevocable and continuing
12 appropriation of all amounts necessary for that purpose, and
13 the irrevocable and continuing authority for and direction to
14 the State Treasurer and the Comptroller to make the necessary
15 transfers, as directed by the Governor, out of and
16 disbursements from the revenues and funds of the State.

17 (d) If, because of insufficient funds in ~~either~~ the General
18 Revenue Fund, ~~or~~ the Road Fund, or the State General Obligation
19 Restructuring Bond Debt Service Fund, monies have been
20 transferred to the General Obligation Bond Retirement and
21 Interest Fund, as required by subsection (c) of this Section,
22 this Act shall constitute the irrevocable and continuing
23 authority for and direction to the State Treasurer and
24 Comptroller to reimburse these funds of the State from the
25 General Revenue Fund, ~~or~~ the Road Fund, or the State General
26 Obligation Restructuring Bond Debt Service Fund, as

1 appropriate, by transferring, at such times and in such
2 amounts, as directed by the Governor, an amount to these funds
3 equal to that transferred from them.

4 (Source: P.A. 96-828, eff. 12-2-09.)

5 (30 ILCS 330/15) (from Ch. 127, par. 665)

6 Sec. 15. Computation of Principal and Interest; transfers.

7 (a) Upon each delivery of Bonds authorized to be issued
8 under this Act, the Comptroller shall compute and certify to
9 the Treasurer the total amount of principal of, interest on,
10 and premium, if any, on Bonds issued that will be payable in
11 order to retire such Bonds, the amount of principal of,
12 interest on and premium, if any, on such Bonds that will be
13 payable on each payment date according to the tenor of such
14 Bonds during the then current and each succeeding fiscal year,
15 and the amount of sinking fund payments needed to be deposited
16 in connection with Qualified School Construction Bonds
17 authorized by subsection (e) of Section 9. With respect to the
18 interest payable on variable rate bonds, such certifications
19 shall be calculated at the maximum rate of interest that may be
20 payable during the fiscal year, after taking into account any
21 credits permitted in the related indenture or other instrument
22 against the amount of such interest required to be appropriated
23 for such period pursuant to subsection (c) of Section 14 of
24 this Act. With respect to the interest payable, such
25 certifications shall include the amounts certified by the

1 Director of the Governor's Office of Management and Budget
2 under subsection (b) of Section 9 of this Act.

3 On or before the last day of each month the State Treasurer
4 and Comptroller shall transfer from (1) the Road Fund with
5 respect to Bonds issued under paragraph (a) of Section 4 of
6 this Act or Bonds issued for the purpose of refunding such
7 bonds, (2) the State General Obligation Restructuring Bond Debt
8 Service Fund with respect to Bonds issued under Section 7.6 of
9 this Act or Bonds issued for the purpose of refunding such
10 bonds, and (3) from ~~(2)~~ the General Revenue Fund, with respect
11 to all other Bonds issued under this Act, to the General
12 Obligation Bond Retirement and Interest Fund an amount
13 sufficient to pay the aggregate of the principal of, interest
14 on, and premium, if any, on Bonds payable, by their terms on
15 the next payment date divided by the number of full calendar
16 months between the date of such Bonds and the first such
17 payment date, and thereafter, divided by the number of months
18 between each succeeding payment date after the first. Such
19 computations and transfers shall be made for each series of
20 Bonds issued and delivered. Interest payable on variable rate
21 bonds shall be calculated at the maximum rate of interest that
22 may be payable for the relevant period, after taking into
23 account any credits permitted in the related indenture or other
24 instrument against the amount of such interest required to be
25 appropriated for such period pursuant to subsection (c) of
26 Section 14 of this Act. Computations of interest shall include

1 the amounts certified by the Director of the Governor's Office
2 of Management and Budget under subsection (b) of Section 9 of
3 this Act. Interest for which moneys have already been deposited
4 into the capitalized interest account within the General
5 Obligation Bond Retirement and Interest Fund shall not be
6 included in the calculation of the amounts to be transferred
7 under this subsection. Notwithstanding any other provision in
8 this Section, the transfer provisions provided in this
9 paragraph shall not apply to transfers made in fiscal year 2010
10 with respect to Bonds issued in fiscal year 2010 pursuant to
11 Section 7.2 of this Act. In the case of transfers made in
12 fiscal year 2010 with respect to the Bonds issued in fiscal
13 year 2010 pursuant to Section 7.2 of this Act, on or before the
14 15th day of the month prior to the required debt service
15 payment, the State Treasurer and Comptroller shall transfer
16 from the General Revenue Fund to the General Obligation Bond
17 Retirement and Interest Fund an amount sufficient to pay the
18 aggregate of the principal of, interest on, and premium, if
19 any, on the Bonds payable in that next month.

20 The transfer of monies herein and above directed is not
21 required if monies in the General Obligation Bond Retirement
22 and Interest Fund are more than the amount otherwise to be
23 transferred as herein above provided, and if the Governor or
24 his authorized representative notifies the State Treasurer and
25 Comptroller of such fact in writing.

26 (b) After the effective date of this Act, the balance of,

1 and monies directed to be included in the Capital Development
2 Bond Retirement and Interest Fund, Anti-Pollution Bond
3 Retirement and Interest Fund, Transportation Bond, Series A
4 Retirement and Interest Fund, Transportation Bond, Series B
5 Retirement and Interest Fund, and Coal Development Bond
6 Retirement and Interest Fund shall be transferred to and
7 deposited in the General Obligation Bond Retirement and
8 Interest Fund. This Fund shall be used to make debt service
9 payments on the State's general obligation Bonds heretofore
10 issued which are now outstanding and payable from the Funds
11 herein listed as well as on Bonds issued under this Act.

12 (c) The unused portion of federal funds received for a
13 capital facilities project, as authorized by Section 3 of this
14 Act, for which monies from the Capital Development Fund have
15 been expended shall be deposited upon completion of the project
16 in the General Obligation Bond Retirement and Interest Fund.
17 Any federal funds received as reimbursement for the completed
18 construction of a capital facilities project, as authorized by
19 Section 3 of this Act, for which monies from the Capital
20 Development Fund have been expended shall be deposited in the
21 General Obligation Bond Retirement and Interest Fund.

22 (Source: P.A. 96-43, eff. 7-15-09; 96-828, eff. 12-2-09.)

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

1	INDEX	
2	Statutes amended in order of appearance	
3	30 ILCS 105/5.786 new	
4	30 ILCS 105/5.787 new	
5	30 ILCS 105/6z-85 new	
6	30 ILCS 105/6z-86 new	
7	30 ILCS 105/6z-87 new	
8	30 ILCS 330/2	from Ch. 127, par. 652
9	30 ILCS 330/2.5	
10	30 ILCS 330/7.6 new	
11	30 ILCS 330/8	from Ch. 127, par. 658
12	30 ILCS 330/9	from Ch. 127, par. 659
13	30 ILCS 330/12	from Ch. 127, par. 662
14	30 ILCS 330/13	from Ch. 127, par. 663
15	30 ILCS 330/14	from Ch. 127, par. 664
16	30 ILCS 330/15	from Ch. 127, par. 665