

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 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 that have been refunded shall not be considered to be  
23 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 that is (i) invested in (a) obligations of the United  
4 States of America; (b) obligations that 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 that 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.)

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