



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

#### HB3226

by Rep. Michael J. Zalewski

#### SYNOPSIS AS INTRODUCED:

105 ILCS 5/20-5	from Ch. 122, par. 20-5
105 ILCS 5/20-9	from Ch. 122, par. 20-9
105 ILCS 5/20-11 new	
105 ILCS 5/20-10 rep.	

Amends the Working Cash Fund Article of the School Code. Provides that only moneys earned as interest from the investment of a working cash fund may be permanently transferred (instead of moneys earned as interest from the investment of a working cash fund may be transferred) from the working cash fund to another fund of the school district that is most in need of the interest without any requirement of repayment to the working cash fund. Provides that once a district abolishes its working cash fund, the district may not create a working cash fund until the expiration of 5 years from the end of the fiscal year in which the district adopted the resolution to abolish its working cash fund (instead of providing that a school district that has abolished or abated its working cash fund has the authority to again create a working cash fund at any time). Repeals provisions allowing a school district to abate its working cash fund at any time. Instead, adds provisions prohibiting a school district from abating its working cash fund. Effective immediately.

LRB098 06145 NHT 40634 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

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

4 Section 5. The School Code is amended by changing Sections  
5 20-5 and 20-9 and by adding Section 20-11 as follows:

6 (105 ILCS 5/20-5) (from Ch. 122, par. 20-5)

7 Sec. 20-5. Transfer to other fund. This Section shall not  
8 apply in any school district which does not operate a working  
9 cash fund.

10 Moneys in the working cash fund shall be transferred from  
11 the working cash fund to another fund of the district only upon  
12 the authority of the school board which shall from time to time  
13 by separate resolution direct the school treasurer to make  
14 transfers of such sums as may be required for the purposes  
15 herein authorized.

16 The resolution shall set forth (a) the taxes in  
17 anticipation of which such transfer is to be made and from  
18 which the working cash fund is to be reimbursed; (b) the entire  
19 amount of taxes extended, or which the school board estimates  
20 will be extended or received, for any year in anticipation of  
21 the collection of all or part of which such transfer is to be  
22 made; (c) the aggregate amount of warrants or notes theretofore  
23 issued in anticipation of the collection of such taxes together

1 with the amount of interest accrued and which the school board  
2 estimates will accrue thereon; (d) the aggregate amount of  
3 receipts from taxes imposed to replace revenue lost by units of  
4 local government and school districts as a result of the  
5 abolition of ad valorem personal property taxes, pursuant to  
6 Article IX, Section 5(c) of the Constitution of the State of  
7 Illinois, which the corporate authorities estimate will be set  
8 aside for the payment of the proportionate amount of debt  
9 service and pension or retirement obligations, as required by  
10 Section 12 of the State Revenue Sharing Act; and (e) the  
11 aggregate amount of money theretofore transferred from the  
12 working cash fund to the other fund in anticipation of the  
13 collection of such taxes. The amount which any such resolution  
14 shall direct the treasurer so to transfer, in anticipation of  
15 the collection of taxes levied or to be received for any year,  
16 together with the aggregate amount of such anticipation tax  
17 warrants or notes theretofore drawn against such taxes and the  
18 amount of interest accrued and estimated to accrue thereon and  
19 the aggregate amount of such transfers to be made in  
20 anticipation of the collection of such taxes and the amount  
21 estimated to be required to satisfy debt service and pension or  
22 retirement obligations, as set forth in Section 12 of the State  
23 Revenue Sharing Act, shall not exceed 85% of the actual or  
24 estimated amount of such taxes extended or to be extended or to  
25 be received as set forth in such resolution. At any time moneys  
26 are available in the working cash fund they shall be

1 transferred to such other funds of the district and used for  
2 any and all school purposes so as to avoid, whenever possible,  
3 the issuance of anticipation tax warrants or notes.

4 Only moneys ~~Moneys~~ earned as interest from the investment  
5 of the working cash fund, or any portion thereof, may be  
6 permanently transferred from the working cash fund to another  
7 fund of the district that is most in need of the interest  
8 without any requirement of repayment to the working cash fund,  
9 upon the authority of the school board by separate resolution  
10 directing the school treasurer to make such transfer and  
11 stating the purpose in accordance with subsection (c) of  
12 Section 9 of the Local Government Debt Reform Act.

13 (Source: P.A. 96-1277, eff. 7-26-10.)

14 (105 ILCS 5/20-9) (from Ch. 122, par. 20-9)

15 Sec. 20-9. Re-creation of working cash fund. Once a school  
16 district abolishes its working cash fund, the district may not  
17 create a working cash fund until the expiration of 5 years from  
18 the end of the fiscal year in which the district adopted the  
19 resolution to abolish its working cash fund. Re-creation of a  
20 working cash fund after 5 years must be done in the manner  
21 provided in this Article. A school district which has abolished  
22 or abated its working cash fund has the authority to again  
23 create a working cash fund at any time in the manner provided  
24 in this Article.

25 (Source: P.A. 96-1277, eff. 7-26-10.)

1 (105 ILCS 5/20-11 new)

2 Sec. 20-11. Abatement of working cash fund prohibited.

3 (a) For the purposes of this Section, "abatement" means any  
4 permanent transfer of working cash fund moneys to any other  
5 fund without the obligation to fully reimburse the working cash  
6 fund.

7 (b) A school district is prohibited from abating a working  
8 cash fund. Only permanent transfer of interest earned on  
9 working cash fund principle, as provided in Section 20-5 of  
10 this Code, is allowed and not considered a prohibited abatement  
11 under this Section. Permanent transfers of moneys from the  
12 working cash fund are limited to (i) those transfers of  
13 interest only earned on the principal of the working cash fund  
14 and (ii) a permanent transfer pursuant to the adoption of a  
15 resolution to abolish the working cash fund of the district.  
16 Upon adoption of a resolution to abolish a working cash fund of  
17 the district, the entire balance of the working cash fund must  
18 be transferred directly to the educational fund.

19 (c) This Section confirms and reestablishes the rights,  
20 responsibilities, and obligations that existed prior to the  
21 enactment of Section 20-10 of this Code (now repealed). This  
22 Section does not apply to any transfer of working cash fund  
23 moneys made from July 26, 2010 until the effective date of this  
24 amendatory Act of the 98th General Assembly. Any action taken  
25 by a school district in reliance upon Section 20-10 of this

1 Code (now repealed) from July 26, 2010 until the effective date  
2 of this amendatory Act of the 98th General Assembly is not  
3 subject to penalties under this Article. Any permanent transfer  
4 made on or after the effective date of this amendatory Act of  
5 the 98th General Assembly that does not transfer interest only  
6 or does not result from a resolution to abolish the working  
7 cash fund shall subject a member of the school board of the  
8 school district to which this Article is applicable or any  
9 other person employed by or providing legal representation for  
10 the school district to penalties under this Article.

11 (105 ILCS 5/20-10 rep.)

12 Section 10. The School Code is amended by repealing Section  
13 20-10.

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.