

1 AN ACT concerning local government debt.

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
5 amended by changing Section 13 as follows:

6 (30 ILCS 350/13) (from Ch. 17, par. 6913)

7 Sec. 13. Certain pledges. A governmental unit may
8 pledge, as security for the payment of its bonds, (1)
9 revenues derived from the operation of any utility system or
10 revenue producing enterprise, (2) moneys deposited or to be
11 deposited into any special fund of the governmental unit, (3)
12 grants or other revenues or taxes expected to be received by
13 the governmental unit from the State or federal government,
14 including taxes imposed by the governmental unit pursuant to
15 grant of authority by the State, such as sales or use taxes
16 or utility taxes, (4) special assessments to be collected
17 with respect to a local improvement financed with the
18 proceeds of bonds, or (5) payments to be made by another
19 governmental unit pursuant to a service, user or other
20 similar agreement with such governmental unit.

21 Any such pledge made by a governmental unit shall be
22 valid and binding from the time such pledge is made. The
23 revenues, moneys and other funds so pledged and thereafter
24 received by the governmental unit shall immediately be
25 subject to the lien of such pledge without any physical
26 delivery thereof or further act; and, subject only to the
27 provisions of prior agreements, the lien of such pledge shall
28 be valid and binding as against all parties having claims of
29 any kind in tort, contract or otherwise against the
30 governmental unit irrespective of whether such parties have
31 notice thereof. Pursuant to any such pledge, a governmental

1 unit may bind itself to impose rates, charges or taxes to the
2 fullest extent permitted by applicable law. No ordinance,
3 resolution, trust agreement or other instrument by which such
4 pledge is created need be filed or recorded except in the
5 records of the governmental unit.

6 The State Treasurer, the State Comptroller, the
7 Department of Revenue, the Department of Transportation, the
8 State Superintendent of Education, or any Regional
9 Superintendent of Schools shall deposit or cause to be
10 deposited any amount of grants or other revenues or taxes
11 expected to be received by a qualified governmental unit from
12 that official or entity that have been pledged to the payment
13 of bonds of the qualified governmental unit, in accordance
14 with the authorization of the qualified governmental unit,
15 directly into a designated escrow account established by the
16 qualified governmental unit at a trust company or bank having
17 trust powers. The ordinance authorizing that disposition
18 shall, within 10 days after adoption by the governing body of
19 the qualified governmental unit, be filed with the official
20 or entity having custody of the pledged grants or other
21 revenues or taxes.

22 For the purposes of this Section, "qualified governmental
23 unit" means a governmental unit (i) that has issued not less
24 than \$6,000,000 principal amount of bonds, including the
25 principal amount of bonds to be secured by the deposit into
26 the designated escrow account, during the 24 months preceding
27 the adoption of the ordinance authorizing the deposit, (ii)
28 whose bonds secured by the deposit into the designated escrow
29 account are rated without regard to any credit enhancement
30 within the 3 highest general rating classifications
31 established by a rating service of nationally recognized
32 expertise in rating bonds of states and political
33 subdivisions of states, (iii) that has received the
34 Certificate of Achievement for Excellence in Financial

1 Reporting from the Government Finance Officers Association or
2 the equivalent award from the Association of School Business
3 Officials International during the 24 months preceding the
4 adoption of the ordinance authorizing the deposit, or (iv)
5 that represents a population in excess of 300,000.

6 (Source: P.A. 91-868, eff. 6-22-00.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.