

AN ACT concerning education.

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

Section 5. The School Code is amended by changing Section 17-17 and by adding Sections 17-18 and 17-19 as follows:

(105 ILCS 5/17-17)

Sec. 17-17. School board establishment of lines of credit
~~Issuance of notes, bonds, or other obligations in lieu of tax~~
~~anticipation warrants.~~

(a) In lieu of issuing tax anticipation warrants in accordance with Section 17-16 of this Code, the school board of a school district having a population of 500,000 or less inhabitants may issue notes, bonds, or other obligations (and in connection with that issuance, establish a line of credit with a bank or other financial institution) in an amount not to exceed 85% of the amount of property taxes most recently levied for educational, operations and maintenance, transportation, or other tax levy ~~and building~~ purposes or any combination thereof. Moneys thus borrowed shall be applied to the purposes for which the tax or any combination of the taxes may be levied ~~they were obtained~~ and no other purpose. All moneys so borrowed shall be repaid exclusively from property tax revenues within 60 days after the property tax revenues have been received by

the board.

(a-5) In lieu of issuing notes or certificates in accordance with the provisions of the Revenue Anticipation Act or Section 18-18 of this Code, the school board of a school district having a population of 500,000 or less inhabitants may anticipate revenues due in the current fiscal year or expected to be due in the next subsequent fiscal year and issue notes, bonds, or other obligations (and in connection with that issuance, establish a line of credit with a bank or other financial institution) in an amount not to exceed the following:

(1) if anticipating revenues due in the current fiscal year, 85% of the amount or amounts of the revenues due in the current fiscal year as certified by the State Superintendent of Education or other official in a position to provide assurances as to the amounts; and

(2) if anticipating revenues expected to be due in the next subsequent fiscal year, 50% of the amount or amounts of the revenues due in the current fiscal year as certified by the State Superintendent of Education or other official in a position to provide assurances as to the amounts.

All moneys so borrowed shall be repaid exclusively from the anticipated revenues within 60 days after the revenues have been received.

(b) Borrowing authorized under subsections (a) and (a-5) ~~subsection (a)~~ of this Section shall bear interest at a rate

not to exceed the maximum rate authorized by the Bond Authorization Act, from the date of issuance until paid.

(c) Prior to ~~the board~~ borrowing or establishing a line of credit under this Section, the board shall authorize, by resolution, the borrowing or line of credit. The resolution shall set forth facts demonstrating the need for the borrowing or line of credit, state the amount to be borrowed, establish a maximum interest rate limit not to exceed that set forth in subsection (b) of this Section, and provide a date by which the borrowed funds shall be repaid. The resolution shall direct the relevant officials to make arrangements to set apart and hold the taxes or other revenue, as received, that will be used to repay the borrowing. In addition, the resolution may authorize the relevant officials to make partial repayments of the borrowing as the taxes or other revenues become available and may contain any other terms, restrictions, or limitations not inconsistent with the provisions of this Section.

(Source: P.A. 92-620, eff. 7-11-02.)

(105 ILCS 5/17-18 new)

Sec. 17-18. Establishment of lines of credit by other educational entities.

(a) In lieu of borrowing in accordance with the provisions of Section 18-20 of this Code, an entity, such as a special education cooperative or other such joint agreement or an intergovernmental agreement, may anticipate revenues due in

the current fiscal year or expected to be due in the next subsequent fiscal year and issue notes or other obligations (and in connection with that issuance, establish a line of credit with a bank or other financial institution) in an amount not to exceed the following:

(1) if anticipating revenues due in the current fiscal year, 85% of the amount or amounts of State categorical or grant payments due in the current fiscal year as certified by the State Superintendent of Education or other official in a position to provide assurances as to the amounts; and

(2) if anticipating revenues expected to be due in the next subsequent fiscal year, 50% of the amount or amounts of State categorical or grant payments due in the current fiscal year as certified by the State Superintendent of Education or other official in a position to provide assurances as to the amounts.

All moneys so borrowed shall be repaid exclusively from such anticipated revenues within 60 days after the revenues have been received.

(b) Borrowing authorized under subsection (a) of this Section shall bear interest at a rate not to exceed the maximum rate authorized by the Bond Authorization Act, from the date of issuance until paid.

(c) Prior to borrowing or establishing a line of credit under this Section, the regional superintendent of schools or governing board, as the case may be, shall authorize, by

executive order or resolution, the borrowing or line of credit. The executive order or resolution shall set forth facts demonstrating the need for the borrowing or line of credit, state the amount to be borrowed, establish a maximum interest rate limit not to exceed that set forth in subsection (b) of this Section, and provide a date by which the borrowed funds shall be repaid. The executive order or resolution shall direct the relevant officials to make arrangements to set apart and hold the revenue, as received, that will be used to repay the borrowing. In addition, the executive order or resolution may authorize the relevant officials to make partial repayments of the borrowing as the revenues become available and may contain any other terms, restrictions, or limitations not inconsistent with the provisions of this Section.

(105 ILCS 5/17-19 new)

Sec. 17-19. Establishment of lines of credit by regional superintendents.

(a) In lieu of borrowing in accordance with the provisions of Section 18-20 of this Code, a regional superintendent of schools, in his or her official capacity as regional superintendent of schools, may anticipate revenues due in the current fiscal year or expected to be due in the next subsequent fiscal year and issue notes or other obligations (and in connection with that issuance, establish a line of credit with a bank or other financial institution) in an amount

not to exceed the following:

(1) if anticipating revenues due in the current fiscal year, 85% of the amount or amounts of State categorical or grant payments due in the current fiscal year as certified by the State Superintendent of Education or other official in a position to provide assurances as to the amounts; and

(2) if anticipating revenues expected to be due in the next subsequent fiscal year, 50% of the amount or amounts of State categorical or grant payments due in the current fiscal year as certified by the State Superintendent of Education or other official in a position to provide assurances as to the amounts.

All moneys so borrowed shall be repaid exclusively from such anticipated revenues within 60 days after the revenues have been received.

(b) Borrowing authorized under subsection (a) of this Section shall bear interest at a rate not to exceed the maximum rate authorized by the Bond Authorization Act, from the date of issuance until paid.

(c) Prior to borrowing or establishing a line of credit under this Section, the regional superintendent of schools, in his or her official capacity as regional superintendent of schools, shall authorize, by executive order or resolution, the borrowing or line of credit. The executive order or resolution shall set forth facts demonstrating the need for the borrowing or line of credit, state the amount to be borrowed, establish a

maximum interest rate limit not to exceed that set forth in subsection (b) of this Section, and provide a date by which the borrowed funds shall be repaid. The executive order or resolution shall direct the relevant officials to make arrangements to set apart and hold the revenue, as received, that will be used to repay the borrowing. In addition, the executive order or resolution may authorize the relevant officials to make partial repayments of the borrowing as the revenues become available and may contain any other terms, restrictions, or limitations not inconsistent with the provisions of this Section.

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