

AN ACT concerning local government.

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

Section 5. The Local Government Debt Reform Act is amended by changing Section 15 as follows:

(30 ILCS 350/15) (from Ch. 17, par. 6915)

Sec. 15. Double-barrelled bonds. Whenever revenue bonds have been authorized to be issued pursuant to applicable law or whenever there exists for a governmental unit a revenue source, the procedures set forth in this Section may be used by a governing body. General obligation bonds may be issued in lieu of such revenue bonds as authorized, and general obligation bonds may be issued payable from any revenue source. Such general obligation bonds may be referred to as "alternate bonds". Alternate bonds may be issued without any referendum or backdoor referendum except as provided in this Section, upon the terms provided in Section 10 of this Act without reference to other provisions of law, but only upon the conditions provided in this Section. Alternate bonds shall not be regarded as or included in any computation of indebtedness for the purpose of any statutory provision or limitation except as expressly provided in this Section.

Such conditions are:

(a) Alternate bonds shall be issued for a lawful corporate purpose. If issued in lieu of revenue bonds, alternate bonds shall be issued for the purposes for which such revenue bonds shall have been authorized. If issued payable from a revenue source in the manner hereinafter provided, which revenue source is limited in its purposes or applications, then the alternate bonds shall be issued only for such limited purposes or applications. Alternate bonds may be issued payable from either enterprise revenues or revenue sources, or both.

(b) Alternate bonds shall be subject to backdoor referendum. The provisions of Section 5 of this Act shall apply to such backdoor referendum, together with the provisions hereof. The authorizing ordinance shall be published in a newspaper of general circulation in the governmental unit. Along with or as part of the authorizing ordinance, there shall be published a notice of (1) the specific number of voters required to sign a petition requesting that the issuance of the alternate bonds be submitted to referendum, (2) the time when such petition must be filed, (3) the date of the prospective referendum, and (4), with respect to authorizing ordinances adopted on or after January 1, 1991, a statement that identifies any revenue source that will be used to pay debt service on the alternate bonds. The clerk or secretary of the governmental unit shall make a petition form available to anyone requesting one. If no petition is filed with the clerk or secretary within 30 days of publication of the authorizing

ordinance and notice, the alternate bonds shall be authorized to be issued. But if within this 30 days period, a petition is filed with such clerk or secretary signed by electors numbering the greater of (i) 7.5% of the registered voters in the governmental unit or (ii) 200 of those registered voters or 15% of those registered voters, whichever is less, asking that the issuance of such alternate bonds be submitted to referendum, the clerk or secretary shall certify such question for submission at an election held in accordance with the general election law. The question on the ballot shall include a statement of any revenue source that will be used to pay debt service on the alternate bonds. The alternate bonds shall be authorized to be issued if a majority of the votes cast on the question at such election are in favor thereof provided that notice of the bond referendum, if held before July 1, 1999, has been given in accordance with the provisions of Section 12-5 of the Election Code in effect at the time of the bond referendum, at least 10 and not more than 45 days before the date of the election, notwithstanding the time for publication otherwise imposed by Section 12-5. Notices required in connection with the submission of public questions on or after July 1, 1999 shall be as set forth in Section 12-5 of the Election Code. Backdoor referendum proceedings for bonds and alternate bonds to be issued in lieu of such bonds may be conducted at the same time.

(c) To the extent payable from enterprise revenues, such

revenues shall have been determined by the governing body to be sufficient to provide for or pay in each year to final maturity of such alternate bonds all of the following: (1) costs of operation and maintenance of the utility or enterprise, but not including depreciation, (2) debt service on all outstanding revenue bonds payable from such enterprise revenues, (3) all amounts required to meet any fund or account requirements with respect to such outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such enterprise revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such enterprise revenues previously issued and outstanding and (ii) alternate bonds proposed to be issued. To the extent payable from one or more revenue sources, such sources shall have been determined by the governing body to provide in each year, an amount not less than 1.25 times debt service of all alternate bonds payable from such revenue sources previously issued and outstanding and alternate bonds proposed to be issued. The 1.25 figure in the preceding sentence shall be reduced to 1.10 if the revenue source is a governmental revenue source. The conditions enumerated in this subsection (c) need not be met for that amount of debt service provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds. ~~Notwithstanding any other provision of this Section, a backdoor referendum is not required if the proceeds backing the debt are~~

~~realized from revenues obtained from the County School Facility Occupation Tax Law under Section 5-1006.7 of the Counties Code.~~

(c-1) In the case of alternate bonds issued as variable rate bonds (including refunding bonds), debt service shall be projected based on the rate for the most recent date shown in the 20 G.O. Bond Index of average municipal bond yields as published in the most recent edition of The Bond Buyer published in New York, New York (or any successor publication or index, or if such publication or index is no longer published, then any index of long-term municipal tax-exempt bond yields selected by the governmental unit), as of the date of determination referred to in subsection (c) of this Section. Any interest or fees that may be payable to the provider of a letter of credit, line of credit, surety bond, bond insurance, or other credit enhancement relating to such alternate bonds and any fees that may be payable to any remarketing agent need not be taken into account for purposes of such projection. If the governmental unit enters into an agreement in connection with such alternate bonds at the time of issuance thereof pursuant to which the governmental unit agrees for a specified period of time to pay an amount calculated at an agreed-upon rate or index based on a notional amount and the other party agrees to pay the governmental unit an amount calculated at an agreed-upon rate or index based on such notional amount, interest shall be projected for such specified period of time on the basis of the agreed-upon rate payable by the

governmental unit.

(d) The determination of the sufficiency of enterprise revenues or a revenue source, as applicable, shall be supported by reference to the most recent audit of the governmental unit, which shall be for a fiscal year ending not earlier than 18 months previous to the time of issuance of the alternate bonds. If such audit does not adequately show such enterprise revenues or revenue source, as applicable, or if such enterprise revenues or revenue source, as applicable, are shown to be insufficient, then the determination of sufficiency shall be supported by the report of an independent accountant or feasibility analyst, the latter having a national reputation for expertise in such matters, demonstrating the sufficiency of such revenues and explaining, if appropriate, by what means the revenues will be greater than as shown in the audit. Whenever such sufficiency is demonstrated by reference to a schedule of higher rates or charges for enterprise revenues or a higher tax imposition for a revenue source, such higher rates, charges or taxes shall have been properly imposed by an ordinance adopted prior to the time of delivery of alternate bonds. The reference to and acceptance of an audit or report, as the case may be, and the determination of the governing body as to sufficiency of enterprise revenues or a revenue source shall be conclusive evidence that the conditions of this Section have been met and that the alternate bonds are valid.

(e) The enterprise revenues or revenue source, as

applicable, shall be in fact pledged to the payment of the alternate bonds; and the governing body shall covenant, to the extent it is empowered to do so, to provide for, collect and apply such enterprise revenues or revenue source, as applicable, to the payment of the alternate bonds and the provision of not less than an additional .25 (or .10 for governmental revenue sources) times debt service. The pledge and establishment of rates or charges for enterprise revenues, or the imposition of taxes in a given rate or amount, as provided in this Section for alternate bonds, shall constitute a continuing obligation of the governmental unit with respect to such establishment or imposition and a continuing appropriation of the amounts received. All covenants relating to alternate bonds and the conditions and obligations imposed by this Section are enforceable by any bondholder of alternate bonds affected, any taxpayer of the governmental unit, and the People of the State of Illinois acting through the Attorney General or any designee, and in the event that any such action results in an order finding that the governmental unit has not properly set rates or charges or imposed taxes to the extent it is empowered to do so or collected and applied enterprise revenues or any revenue source, as applicable, as required by this Act, the plaintiff in any such action shall be awarded reasonable attorney's fees. The intent is that such enterprise revenues or revenue source, as applicable, shall be sufficient and shall be applied to the payment of debt service on such

alternate bonds so that taxes need not be levied, or if levied need not be extended, for such payment. Nothing in this Section shall inhibit or restrict the authority of a governing body to determine the lien priority of any bonds, including alternate bonds, which may be issued with respect to any enterprise revenues or revenue source.

In the event that alternate bonds shall have been issued and taxes, other than a designated revenue source, shall have been extended pursuant to the general obligation, full faith and credit promise supporting such alternate bonds, then the amount of such alternate bonds then outstanding shall be included in the computation of indebtedness of the governmental unit for purposes of all statutory provisions or limitations until such time as an audit of the governmental unit shall show that the alternate bonds have been paid from the enterprise revenues or revenue source, as applicable, pledged thereto for a complete fiscal year.

Alternate bonds may be issued to refund or advance refund alternate bonds without meeting any of the conditions set forth in this Section, except that the term of the refunding bonds shall not be longer than the term of the refunded bonds and that the debt service payable in any year on the refunding bonds shall not exceed the debt service payable in such year on the refunded bonds.

Once issued, alternate bonds shall be and forever remain until paid or defeased the general obligation of the

governmental unit, for the payment of which its full faith and credit are pledged, and shall be payable from the levy of taxes as is provided in this Act for general obligation bonds.

The changes made by this amendatory Act of 1990 do not affect the validity of bonds authorized before September 1, 1990.

(Source: P.A. 95-675, eff. 10-11-07.)

Section 10. The Counties Code is amended by changing Section 5-1006.7 as follows:

(55 ILCS 5/5-1006.7)

Sec. 5-1006.7. School facility occupation taxes.

(a) In ~~The county board of~~ any county, ~~may impose~~ a tax shall be imposed upon all persons engaged in the business of selling tangible personal property, other than personal property titled or registered with an agency of this State's government, at retail in the county on the gross receipts from the sales made in the course of business to provide revenue to be used exclusively for school facility purposes if a proposition for the tax has been submitted to the electors of that county and approved by a majority of those voting on the question as provided in subsection (c). The tax under this Section shall ~~may~~ be imposed only in one-quarter percent increments and may not exceed 1%.

This additional tax may not be imposed on the sale of food

for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics. The Department of Revenue has full power to administer and enforce this subsection, to collect all taxes and penalties due under this subsection, to dispose of taxes and penalties so collected in the manner provided in this subsection, and to determine all rights to credit memoranda arising on account of the erroneous payment of a tax or penalty under this subsection. The Department shall deposit all taxes and penalties collected under this subsection into a special fund created for that purpose.

In the administration of and compliance with this subsection, the Department and persons who are subject to this subsection (i) have the same rights, remedies, privileges, immunities, powers, and duties, (ii) are subject to the same conditions, restrictions, limitations, penalties, and definitions of terms, and (iii) shall employ the same modes of procedure as are set forth in Sections 1 through 1o, 2 through 2-70 (in respect to all provisions contained in those Sections other than the State rate of tax), 2a through 2h, 3 (except as to the disposition of taxes and penalties collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers' Occupation Tax Act

and all provisions of the Uniform Penalty and Interest Act as if those provisions were set forth in this subsection.

The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act permits the retailer to engage in a business that is taxable without registering separately with the Department under an ordinance or resolution under this subsection.

Persons subject to any tax imposed under the authority granted in this subsection may reimburse themselves for their seller's tax liability by separately stating that tax as an additional charge, which may be stated in combination, in a single amount, with State tax that sellers are required to collect under the Use Tax Act, pursuant to any bracketed schedules set forth by the Department.

(b) If a tax has been imposed under subsection (a), then a service occupation tax must also be imposed at the same rate upon all persons engaged, in the county, in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property within the county as an incident to a sale of service.

This tax may not be imposed on sales of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes, and needles used by

diabetics.

The tax imposed under this subsection and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the Department and deposited into a special fund created for that purpose. The Department has full power to administer and enforce this subsection, to collect all taxes and penalties due under this subsection, to dispose of taxes and penalties so collected in the manner provided in this subsection, and to determine all rights to credit memoranda arising on account of the erroneous payment of a tax or penalty under this subsection.

In the administration of and compliance with this subsection, the Department and persons who are subject to this subsection shall (i) have the same rights, remedies, privileges, immunities, powers and duties, (ii) be subject to the same conditions, restrictions, limitations, penalties and definition of terms, and (iii) employ the same modes of procedure as are set forth in Sections 2 (except that that reference to State in the definition of supplier maintaining a place of business in this State means the county), 2a through 2d, 3 through 3-50 (in respect to all provisions contained in those Sections other than the State rate of tax), 4 (except that the reference to the State shall be to the county), 5, 7, 8 (except that the jurisdiction to which the tax is a debt to the extent indicated in that Section 8 is the county), 9 (except as to the disposition of taxes and penalties

collected), 10, 11, 12 (except the reference therein to Section 2b of the Retailers' Occupation Tax Act), 13 (except that any reference to the State means the county), Section 15, 16, 17, 18, 19, and 20 of the Service Occupation Tax Act and all provisions of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

Persons subject to any tax imposed under the authority granted in this subsection may reimburse themselves for their serviceman's tax liability by separately stating the tax as an additional charge, which may be stated in combination, in a single amount, with State tax that servicemen are authorized to collect under the Service Use Tax Act, pursuant to any bracketed schedules set forth by the Department.

(c) The tax under this Section may not be imposed until, ~~by ordinance or resolution of the county board,~~ the question of imposing the tax has been submitted to the electors of the county at a regular election and approved by a majority of the electors voting on the question. For all regular elections held prior to the effective date of this amendatory Act of the 97th General Assembly, upon ~~Upon~~ a resolution by the county board or a resolution by school district boards that represent at least 51% of the student enrollment within the county, the county board must certify the question to the proper election authority in accordance with the Election Code.

For all regular elections held prior to the effective date of this amendatory Act of the 97th General Assembly, the ~~The~~

election authority must submit the question in substantially the following form:

Shall (name of county) be authorized to impose a retailers' occupation tax and a service occupation tax (commonly referred to as a "sales tax") at a rate of (insert rate) to be used exclusively for school facility purposes?

The election authority must record the votes as "Yes" or "No".

If a majority of the electors voting on the question vote in the affirmative, then the county may, thereafter, impose the tax.

For all regular elections held on or after the effective date of this amendatory Act of the 97th General Assembly, the regional superintendent of schools for the county must, upon receipt of a resolution or resolutions of school district boards that represent more than 50% of the student enrollment within the county, certify the question to the proper election authority for submission to the electors of the county at the next regular election at which the question lawfully may be submitted to the electors, all in accordance with the Election Code.

For all regular elections held on or after the effective date of this amendatory Act of the 97th General Assembly, the election authority must submit the question in substantially the following form:

Shall a retailers' occupation tax and a service

occupation tax (commonly referred to as a "sales tax") be imposed in (name of county) at a rate of (insert rate) to be used exclusively for school facility purposes?

The election authority must record the votes as "Yes" or "No".

If a majority of the electors voting on the question vote in the affirmative, then the tax shall be imposed at the rate set forth in the question.

For the purposes of this subsection (c), "enrollment" means the head count of the students residing in the county on the last school day of September of each year, which must be reported on the Illinois State Board of Education Public School Fall Enrollment/Housing Report.

(d) The Department shall immediately pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected under this Section to be deposited into the School Facility Occupation Tax Fund, which shall be an unappropriated trust fund held outside the State treasury.

On or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to the regional superintendents of schools in counties from which retailers or servicemen have paid taxes or penalties to the Department during the second preceding calendar month. The amount to be paid to each regional superintendent of schools and disbursed to him or her in accordance with 3-14.31 of the School Code, is equal to the amount (not including credit memoranda) collected

from the county under this Section during the second preceding calendar month by the Department, (i) less 2% of that amount, which shall be deposited into the Tax Compliance and Administration Fund and shall be used by the Department, subject to appropriation, to cover the costs of the Department in administering and enforcing the provisions of this Section, on behalf of the county, (ii) plus an amount that the Department determines is necessary to offset any amounts that were erroneously paid to a different taxing body; (iii) less an amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of the county; and (iv) less any amount that the Department determines is necessary to offset any amounts that were payable to a different taxing body but were erroneously paid to the county. When certifying the amount of a monthly disbursement to a regional superintendent of schools under this Section, the Department shall increase or decrease the amounts by an amount necessary to offset any miscalculation of previous disbursements within the previous 6 months from the time a miscalculation is discovered.

Within 10 days after receipt by the Comptroller from the Department of the disbursement certification to the regional superintendents of the schools provided for in this Section, the Comptroller shall cause the orders to be drawn for the respective amounts in accordance with directions contained in the certification.

If the Department determines that a refund should be made under this Section to a claimant instead of issuing a credit memorandum, then the Department shall notify the Comptroller, who shall cause the order to be drawn for the amount specified and to the person named in the notification from the Department. The refund shall be paid by the Treasurer out of the School Facility Occupation Tax Fund.

(e) For the purposes of determining the local governmental unit whose tax is applicable, a retail sale by a producer of coal or another mineral mined in Illinois is a sale at retail at the place where the coal or other mineral mined in Illinois is extracted from the earth. This subsection does not apply to coal or another mineral when it is delivered or shipped by the seller to the purchaser at a point outside Illinois so that the sale is exempt under the United States Constitution as a sale in interstate or foreign commerce.

(f) Nothing in this Section may be construed to authorize ~~a county board to impose~~ a tax to be imposed upon the privilege of engaging in any business that under the Constitution of the United States may not be made the subject of taxation by this State.

(g) If a county board imposes a tax under this Section pursuant to a referendum held before the effective date of this amendatory Act of the 97th General Assembly at a rate below the rate set forth in the question approved by a majority of electors of that county voting on the question as provided in

subsection (c), then the county board may, by ordinance, increase the rate of the tax up to the rate set forth in the question approved by a majority of electors of that county voting on the question as provided in subsection (c). If a county board imposes a tax under this Section pursuant to a referendum held before the effective date of this amendatory Act of the 97th General Assembly, then the board may, by ordinance, discontinue or reduce the rate of the tax. If a tax is imposed under this Section pursuant to a referendum held on or after the effective date of this amendatory Act of the 97th General Assembly, then the county board may reduce or discontinue the tax, but only in accordance with subsection (h-5) of this Section. If, however, a school board issues bonds that are secured ~~backed~~ by the proceeds of the tax under this Section, then the county board may not reduce the tax rate or discontinue the tax if that rate reduction or discontinuance would adversely affect ~~inhibit~~ the school board's ability to pay the principal and interest on those bonds as they become due or necessitate the extension of additional property taxes to pay the principal and interest on those bonds. If the county board reduces the tax rate or discontinues the tax, then a referendum must be held in accordance with subsection (c) of this Section in order to increase the rate of the tax or to reimpose the discontinued tax.

The results of any election that imposes, reduces, or discontinues ~~authorizes a proposition to impose~~ a tax under

this Section must be certified by the election authority, and
~~or to change the rate of the tax along with an ordinance~~
~~imposing the tax, or~~ any ordinance that increases or lowers the
rate or discontinues the tax, must be certified by the county
clerk and, in each case, filed with the Illinois Department of
Revenue either (i) on or before the first day of April,
whereupon the Department shall proceed to administer and
enforce the tax or change in the rate as of the first day of
July next following the filing; or (ii) on or before the first
day of October, whereupon the Department shall proceed to
administer and enforce the tax or change in the rate as of the
first day of January next following the filing.

(h) For purposes of this Section, "school facility
purposes" means (i) the acquisition, development,
construction, reconstruction, rehabilitation, improvement,
financing, architectural planning, and installation of capital
facilities consisting of buildings, structures, and durable
equipment and for the acquisition and improvement of real
property and interest in real property required, or expected to
be required, in connection with the capital facilities and (ii)
the payment of bonds or other obligations heretofore or
hereafter issued, including bonds or other obligations
heretofore or hereafter issued to refund or to continue to
refund bonds or other obligations issued, for school facility
purposes, provided that the taxes levied to pay those bonds are
abated by the amount of the taxes imposed under this Section

that are used to pay those bonds. "School-facility purposes" also includes fire prevention, safety, energy conservation, disabled accessibility, school security, and specified repair purposes set forth under Section 17-2.11 of the School Code.

(h-5) A county board in a county where a tax has been imposed under this Section pursuant to a referendum held on or after the effective date of this amendatory Act of the 97th General Assembly may, by ordinance or resolution, submit to the voters of the county the question of reducing or discontinuing the tax. In the ordinance or resolution, the county board shall certify the question to the proper election authority in accordance with the Election Code. The election authority must submit the question in substantially the following form:

Shall the school facility retailers' occupation tax and service occupation tax (commonly referred to as the "school facility sales tax") currently imposed in (name of county) at a rate of (insert rate) be (reduced to (insert rate)) (discontinued)?

If a majority of the electors voting on the question vote in the affirmative, then, subject to the provisions of subsection (g) of this Section, the tax shall be reduced or discontinued as set forth in the question.

(i) This Section does not apply to Cook County.

(j) This Section may be cited as the County School Facility Occupation Tax Law.

(Source: P.A. 95-675, eff. 10-11-07.)

Section 15. The School Code is amended by changing Section 10-22.36 as follows:

(105 ILCS 5/10-22.36) (from Ch. 122, par. 10-22.36)

Sec. 10-22.36. Buildings for school purposes. To build or purchase a building for school classroom or instructional purposes upon the approval of a majority of the voters upon the proposition at a referendum held for such purpose or in accordance with Section 17-2.11, 19-3.5, or 19-3.10. The board may initiate such referendum by resolution. The board shall certify the resolution and proposition to the proper election authority for submission in accordance with the general election law.

The questions of building one or more new buildings for school purposes or office facilities, and issuing bonds for the purpose of borrowing money to purchase one or more buildings or sites for such buildings or office sites, to build one or more new buildings for school purposes or office facilities or to make additions and improvements to existing school buildings, may be combined into one or more propositions on the ballot.

Before erecting, or purchasing or remodeling such a building the board shall submit the plans and specifications respecting heating, ventilating, lighting, seating, water supply, toilets and safety against fire to the regional superintendent of schools having supervision and control over

the district, for approval in accordance with Section 2-3.12.

Notwithstanding any of the foregoing, no referendum shall be required if the purchase, construction, or building of any such building ~~is completed~~ (1) occurs while the building is being leased by the school district or (2) is paid with ~~with the expenditure of~~ (A) funds derived from the sale or disposition of other buildings, land, or structures of the school district or (B) funds received (i) as a grant under the School Construction Law, ~~or~~ or (ii) as gifts or donations, provided that no funds to purchase, construct, or build ~~complete~~ such building, other than lease payments, are derived from the district's bonded indebtedness or the tax levy of the district, ~~or (iii) from the County School Facility Occupation Tax Law under Section 5-1006.7 of the Counties Code.~~

Notwithstanding any of the foregoing, no referendum shall be required if the purchase, construction, or building of any such building is paid with funds received from the County School Facility Occupation Tax Law under Section 5-1006.7 of the Counties Code or from the proceeds of bonds or other debt obligations secured by revenues obtained from that Law.

(Source: P.A. 95-675, eff. 10-11-07; 96-517, eff. 8-14-09.)

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