



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4225

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-13-5
65 ILCS 5/8-13-10

Amends the Illinois Municipal Code. Provides that home rule municipalities with a population over 1,000,000 may only authorize the conveyance of all or any portion of sales tax revenues to (i) corporations, trusts, or other entities that have been established for the limited purpose of issuing obligations for the benefit of a home rule municipality, or (ii) a bank or trust company in its capacity as trustee for obligations issued by the bank or trust company for the benefit of a home rule municipality. Effective immediately.

LRB100 15572 AWJ 30653 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 Illinois Municipal Code is amended by
5 changing Sections 8-13-5 and 8-13-10 as follows:

6 (65 ILCS 5/8-13-5)

7 Sec. 8-13-5. Definitions. As used in this Article:

8 "Assignment agreement" means an agreement between a
9 transferring unit and an issuing entity for the conveyance of
10 all or part of any revenues or taxes received by the
11 transferring unit from a State entity.

12 "Conveyance" means an assignment, sale, transfer, or other
13 conveyance.

14 "Deposit account" means a designated escrow account
15 established by an issuing entity at a trust company or bank
16 having trust powers for the deposit of transferred receipts
17 under an assignment agreement.

18 "Issuing entity" means (i) a corporation, trust or other
19 entity that has been established for the limited purpose of
20 issuing obligations for the benefit of a transferring unit, or
21 (ii) a bank or trust company in its capacity as trustee for
22 obligations issued by such bank or trust company for the
23 benefit of a transferring unit.

1 "Sales tax" has the meaning given to that term in
2 subsection (e) of Section 2 of the Simplified Sales and Use Tax
3 Administration Act.

4 "State entity" means the State Comptroller, the State
5 Treasurer, or the Illinois Department of Revenue.

6 "Transferred receipts" means all or part of any revenues or
7 taxes received from a State entity that have been conveyed by a
8 transferring unit under an assignment agreement.

9 "Transferring unit" means a home rule municipality located
10 in the State.

11 (Source: P.A. 100-23, eff. 7-6-17.)

12 (65 ILCS 5/8-13-10)

13 Sec. 8-13-10. Assignment of receipts.

14 (a) Any transferring unit which receives revenues or taxes
15 from a State entity may (to the extent not prohibited by any
16 applicable statute, regulation, rule, or agreement governing
17 the use of such revenues or taxes) authorize, by ordinance, the
18 conveyance of all or any portion of such revenues or taxes to
19 an issuing entity, except that transferring units with a
20 population over 1,000,000 may only authorize the conveyance of
21 all or any portion of sales tax revenues to an issuing entity.

22 Any conveyance of transferred receipts shall: (i) be made
23 pursuant to an assignment agreement in exchange for the net
24 proceeds of obligations issued by the issuing entity for the
25 benefit of the transferring unit and shall, for all purposes,

1 constitute an absolute conveyance of all right, title, and
2 interest therein; (ii) not be deemed a pledge or other security
3 interest for any borrowing by the transferring unit; (iii) be
4 valid, binding, and enforceable in accordance with the terms
5 thereof and of any related instrument, agreement, or other
6 arrangement, including any pledge, grant of security interest,
7 or other encumbrance made by the issuing entity to secure any
8 obligations issued by the issuing entity for the benefit of the
9 transferring unit; and (iv) not be subject to disavowal,
10 disaffirmance, cancellation, or avoidance by reason of
11 insolvency of any party, lack of consideration, or any other
12 fact, occurrence, or State law or rule. On and after the
13 effective date of the conveyance of the transferred receipts,
14 the transferring unit shall have no right, title or interest in
15 or to the transferred receipts conveyed and the transferred
16 receipts so conveyed shall be the property of the issuing
17 entity to the extent necessary to pay the obligations issued by
18 the issuing entity for the benefit of the transferring unit,
19 and shall be received, held, and disbursed by the issuing
20 entity in a trust fund outside the treasury of the transferring
21 unit. An assignment agreement may provide for the periodic
22 reconveyance to the transferring unit of amounts of transferred
23 receipts remaining after the payment of the obligations issued
24 by the issuing entity for the benefit of the transferring unit.

25 (b) In connection with any conveyance of transferred
26 receipts, the transferring unit is authorized to direct the

1 applicable State entity to deposit or cause to be deposited any
2 amount of such transferred receipts into a deposit account in
3 order to secure the obligations issued by the issuing entity
4 for the benefit of the transferring unit. Where the
5 transferring unit states that such direction is irrevocable,
6 the direction shall be treated by the applicable State entity
7 as irrevocable with respect to the transferred receipts
8 described in such direction. Each State entity shall comply
9 with the terms of any such direction received from a
10 transferring unit and shall execute and deliver such
11 acknowledgments and agreements, including escrow and similar
12 agreements, as the transferring unit may require to effectuate
13 the deposit of transferred receipts in accordance with the
14 direction of the transferring unit.

15 (c) Not later than the date of issuance by an issuing
16 entity of any obligations secured by collections of transferred
17 receipts, a certified copy of the ordinance authorizing the
18 conveyance of the right to receive the transferred receipts,
19 together with executed copies of the applicable assignment
20 agreement and the agreement providing for the establishment of
21 the deposit account, shall be filed with the State entity
22 having custody of the transferred receipts.

23 (Source: P.A. 100-23, eff. 7-6-17.)

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