



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB2499

Introduced 2/4/2025, by Rep. Steven Reick

#### SYNOPSIS AS INTRODUCED:

30 ILCS 350/15

from Ch. 17, par. 6915

Amends the Local Government Debt Reform Act. Provides that alternate bonds issued on or after the effective date of the amendatory Act may not be secured by the proceeds of general obligation bonds issued without referendum approval. Effective immediately.

LRB104 04608 HLH 14635 b

1 AN ACT concerning revenue.

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 amended  
5 by changing Section 15 as follows:

6 (30 ILCS 350/15) (from Ch. 17, par. 6915)

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

23 Such conditions are:

1           (a) Alternate bonds shall be issued for a lawful corporate  
2           purpose. If issued in lieu of revenue bonds, alternate bonds  
3           shall be issued for the purposes for which such revenue bonds  
4           shall have been authorized. If issued payable from a revenue  
5           source in the manner hereinafter provided, which revenue  
6           source is limited in its purposes or applications, then the  
7           alternate bonds shall be issued only for such limited purposes  
8           or applications. Alternate bonds may be issued payable from  
9           either enterprise revenues or revenue sources, or both.  
10          Alternate bonds issued on or after the effective date of this  
11          amendatory Act of the 104th General Assembly may not be  
12          secured by the proceeds of general obligation bonds that were  
13          issued without referendum approval.

14          (b) Alternate bonds shall be subject to backdoor  
15          referendum. The provisions of Section 5 of this Act shall  
16          apply to such backdoor referendum, together with the  
17          provisions hereof. The authorizing ordinance shall be  
18          published in a newspaper of general circulation in the  
19          governmental unit. Along with or as part of the authorizing  
20          ordinance, there shall be published a notice of (1) the  
21          specific number of voters required to sign a petition  
22          requesting that the issuance of the alternate bonds be  
23          submitted to referendum, (2) the time when such petition must  
24          be filed, (3) the date of the prospective referendum, and (4),  
25          with respect to authorizing ordinances adopted on or after  
26          January 1, 1991, a statement that identifies any revenue

1 source that will be used to pay debt service on the alternate  
2 bonds. The clerk or secretary of the governmental unit shall  
3 make a petition form available to anyone requesting one.

4 Except as provided in the following paragraph, if no  
5 petition is filed with the clerk or secretary within 30 days of  
6 publication of the authorizing ordinance and notice, the  
7 alternate bonds shall be authorized to be issued. But if  
8 within this 30 days period, a petition is filed with such clerk  
9 or secretary signed by electors numbering the greater of (i)  
10 7.5% of the registered voters in the governmental unit or (ii)  
11 200 of those registered voters or 15% of those registered  
12 voters, whichever is less, asking that the issuance of such  
13 alternate bonds be submitted to referendum, the clerk or  
14 secretary shall certify such question for submission at an  
15 election held in accordance with the general election law.

16 Notwithstanding the previous paragraph, in governmental  
17 units with fewer than 500,000 inhabitants that propose to  
18 issue alternate bonds payable solely from enterprise revenues  
19 as defined under Section 3 of this Act, except for such  
20 alternate bonds that finance or refinance projects concerning  
21 public utilities, public streets and roads or public safety  
22 facilities, and related infrastructure and equipment, if no  
23 petition is filed with the clerk or secretary within 45 days of  
24 publication of the authorizing ordinance and notice, the  
25 alternate bonds shall be authorized to be issued. But if,  
26 within this 45-day period, a petition is filed with such clerk

1 or secretary signed by the necessary number of electors,  
2 asking that the issuance of such alternate bonds be submitted  
3 to referendum, the clerk or secretary shall certify such  
4 question for submission at an election held in accordance with  
5 the general election law. For purposes of this paragraph, the  
6 necessary number of electors for a governmental unit with more  
7 than 4,000 registered voters is the lesser of (i) 5% of the  
8 registered voters or (ii) 5,000 registered voters; and the  
9 necessary number of electors for a governmental unit with  
10 4,000 or fewer registered voters is the lesser of (i) 15% of  
11 the registered voters or (ii) 200 registered voters.

12 The question on the ballot shall include a statement of  
13 any revenue source that will be used to pay debt service on the  
14 alternate bonds. The alternate bonds shall be authorized to be  
15 issued if a majority of the votes cast on the question at such  
16 election are in favor thereof provided that notice of the bond  
17 referendum, if held before July 1, 1999, has been given in  
18 accordance with the provisions of Section 12-5 of the Election  
19 Code in effect at the time of the bond referendum, at least 10  
20 and not more than 45 days before the date of the election,  
21 notwithstanding the time for publication otherwise imposed by  
22 Section 12-5. Notices required in connection with the  
23 submission of public questions on or after July 1, 1999 shall  
24 be as set forth in Section 12-5 of the Election Code. Backdoor  
25 referendum proceedings for bonds and alternate bonds to be  
26 issued in lieu of such bonds may be conducted at the same time.

1           (c) To the extent payable from enterprise revenues, such  
2 revenues shall have been determined by the governing body to  
3 be sufficient to provide for or pay in each year to final  
4 maturity of such alternate bonds all of the following: (1)  
5 costs of operation and maintenance of the utility or  
6 enterprise, but not including depreciation, (2) debt service  
7 on all outstanding revenue bonds payable from such enterprise  
8 revenues, (3) all amounts required to meet any fund or account  
9 requirements with respect to such outstanding revenue bonds,  
10 (4) other contractual or tort liability obligations, if any,  
11 payable from such enterprise revenues, and (5) in each year,  
12 an amount not less than 1.25 times debt service of all (i)  
13 alternate bonds payable from such enterprise revenues  
14 previously issued and outstanding and (ii) alternate bonds  
15 proposed to be issued. To the extent payable from one or more  
16 revenue sources, such sources shall have been determined by  
17 the governing body to provide in each year, an amount not less  
18 than 1.25 times debt service of all alternate bonds payable  
19 from such revenue sources previously issued and outstanding  
20 and alternate bonds proposed to be issued. The 1.25 figure in  
21 the preceding sentence shall be reduced to 1.10 if the revenue  
22 source is a governmental revenue source. The conditions  
23 enumerated in this subsection (c) need not be met for that  
24 amount of debt service provided for by the setting aside of  
25 proceeds of bonds or other moneys at the time of the delivery  
26 of such bonds.

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

26           (d) The determination of the sufficiency of enterprise

1 revenues or a revenue source, as applicable, shall be  
2 supported by reference to the most recent audit of the  
3 governmental unit, which shall be for a fiscal year ending not  
4 earlier than 18 months previous to the time of issuance of the  
5 alternate bonds. If such audit does not adequately show such  
6 enterprise revenues or revenue source, as applicable, or if  
7 such enterprise revenues or revenue source, as applicable, are  
8 shown to be insufficient, then the determination of  
9 sufficiency shall be supported by the report of an independent  
10 accountant or feasibility analyst, the latter having a  
11 national reputation for expertise in such matters, who is not  
12 otherwise involved in the project being financed or refinanced  
13 with the proceeds of the alternate bonds, demonstrating the  
14 sufficiency of such revenues and explaining, if appropriate,  
15 by what means the revenues will be greater than as shown in the  
16 audit. Whenever such sufficiency is demonstrated by reference  
17 to a schedule of higher rates or charges for enterprise  
18 revenues or a higher tax imposition for a revenue source, such  
19 higher rates, charges or taxes shall have been properly  
20 imposed by an ordinance adopted prior to the time of delivery  
21 of alternate bonds. The reference to and acceptance of an  
22 audit or report, as the case may be, and the determination of  
23 the governing body as to sufficiency of enterprise revenues or  
24 a revenue source shall be conclusive evidence that the  
25 conditions of this Section have been met and that the  
26 alternate bonds are valid.



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

1 and shall be applied to the payment of debt service on such  
2 alternate bonds so that taxes need not be levied, or if levied  
3 need not be extended, for such payment. Nothing in this  
4 Section shall inhibit or restrict the authority of a governing  
5 body to determine the lien priority of any bonds, including  
6 alternate bonds, which may be issued with respect to any  
7 enterprise revenues or revenue source.

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

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

26 Once issued, alternate bonds shall be and forever remain

1     until paid or defeased the general obligation of the  
2     governmental unit, for the payment of which its full faith and  
3     credit are pledged, and shall be payable from the levy of taxes  
4     as is provided in this Act for general obligation bonds.

5           The changes made by this amendatory Act of 1990 do not  
6     affect the validity of bonds authorized before September 1,  
7     1990.

8     (Source: P.A. 97-542, eff. 8-23-11; 98-203, eff. 1-1-14.)

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