



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB5407

Introduced 2/13/2026, by Rep. Ann M. Williams

#### SYNOPSIS AS INTRODUCED:

20 ILCS 3501/825-65  
20 ILCS 3501/845-45  
50 ILCS 105/3

from Ch. 102, par. 3

Amends the Illinois Finance Authority Act. In provisions concerning bond authorization and financing limits for clean coal projects, coal projects, energy efficiency projects, PACE projects, and renewable energy projects, provides that the limitations apply to outstanding bonds (instead of issued bonds). Provides that those limitations do not include bonds issued to refund the bonds of the Illinois Finance Authority or bonds of predecessor authorities. Provides that no member, officer, or employee of the Illinois Finance Authority may be in any manner financially interested in any contract or agreement upon which that person may be called to act or vote. Requires those members, officers, and employees to abstain from deliberating or voting on the award or material modification of any contract or agreement in which that person holds a financial interest. Provides that no member, officer, or employee of the Illinois Finance Authority may take or receive, or offer to take or receive, any money or other thing of value as a gift, bribe, or means of influencing that person's vote or action in that person's official capacity. Amends the Public Officer Prohibited Activities Act. Provides that certain provisions do not apply to the members and officers of the Illinois Finance Authority. Makes other changes.

LRB104 20263 HLH 33714 b

1 AN ACT concerning finance.

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

4 Section 5. The Illinois Finance Authority Act is amended  
5 by changing Sections 825-65 and 845-45 as follows:

6 (20 ILCS 3501/825-65)

7 Sec. 825-65. Clean Coal, Coal, Energy Efficiency, PACE,  
8 and Renewable Energy Project Financing.

9 (a) Findings and declaration of policy.

10 (i) It is hereby found and declared that Illinois has  
11 abundant coal resources and, in some areas of Illinois,  
12 the demand for power exceeds the generating capacity.  
13 Incentives to encourage the construction of coal-fueled  
14 electric generating plants in Illinois to ensure power  
15 generating capacity into the future and to advance clean  
16 coal technology and the use of Illinois coal are in the  
17 best interests of all of the citizens of Illinois.

18 (ii) It is further found and declared that Illinois  
19 has abundant potential and resources to develop renewable  
20 energy resource projects and that there are many  
21 opportunities to invest in cost-effective energy  
22 efficiency projects throughout the State. The development  
23 of those projects will create jobs and investment as well

1 as decrease environmental impacts and promote energy  
2 independence in Illinois. Accordingly, the development of  
3 those projects is in the best interests of all of the  
4 citizens of Illinois.

5 (iii) The Authority is authorized to issue bonds to  
6 help finance Clean Coal, Coal, Energy Efficiency, PACE,  
7 and Renewable Energy projects pursuant to this Section.

8 (b) Definitions.

9 (i) "Clean Coal Project" means (A) "clean coal  
10 facility", as defined in Section 1-10 of the Illinois  
11 Power Agency Act; (B) "clean coal SNG facility", as  
12 defined in Section 1-10 of the Illinois Power Agency Act;  
13 (C) transmission lines and associated equipment that  
14 transfer electricity from points of supply to points of  
15 delivery for projects described in this subsection (b);  
16 (D) pipelines or other methods to transfer carbon dioxide  
17 from the point of production to the point of storage or  
18 sequestration for projects described in this subsection  
19 (b); or (E) projects to provide carbon abatement  
20 technology for existing generating facilities.

21 (ii) "Coal Project" means new electric generating  
22 facilities or new gasification facilities, as defined in  
23 Section 605-332 of the Department of Commerce and Economic  
24 Opportunity Law of the Civil Administrative Code of  
25 Illinois, which may include mine-mouth power plants,  
26 projects that employ the use of clean coal technology,

1 projects to provide scrubber technology for existing  
2 energy generating plants, or projects to provide electric  
3 transmission facilities or new gasification facilities.

4 (iii) "Energy Efficiency Project" means measures that  
5 reduce the amount of electricity or natural gas required  
6 to achieve a given end use, consistent with Section 1-10  
7 of the Illinois Power Agency Act. "Energy Efficiency  
8 Project" also includes measures that reduce the total Btus  
9 of electricity and natural gas needed to meet the end use  
10 or uses consistent with Section 1-10 of the Illinois Power  
11 Agency Act.

12 (iv) "Renewable Energy Project" means (A) a project  
13 that uses renewable energy resources, as defined in  
14 Section 1-10 of the Illinois Power Agency Act; (B) a  
15 project that uses environmentally preferable technologies  
16 and practices that result in improvements to the  
17 production of renewable fuels, including but not limited  
18 to, cellulosic conversion, water and energy conservation,  
19 fractionation, alternative feedstocks, or reduced  
20 greenhouse gas emissions; (C) transmission lines and  
21 associated equipment that transfer electricity from points  
22 of supply to points of delivery for projects described in  
23 this subsection (b); or (D) projects that use technology  
24 for the storage of renewable energy, including, without  
25 limitation, the use of battery or electrochemical storage  
26 technology for mobile or stationary applications.

1 (c) Creation of reserve funds. The Authority may establish  
2 and maintain one or more reserve funds to enhance bonds issued  
3 by the Authority for a Clean Coal Project, a Coal Project, an  
4 Energy Efficiency Project, a PACE Project, or a Renewable  
5 Energy Project. There may be one or more accounts in these  
6 reserve funds in which there may be deposited:

7 (1) any proceeds of the bonds issued by the Authority  
8 required to be deposited therein by the terms of any  
9 contract between the Authority and its bondholders or any  
10 resolution of the Authority;

11 (2) any other moneys or funds of the Authority that it  
12 may determine to deposit therein from any other source;  
13 and

14 (3) any other moneys or funds made available to the  
15 Authority. Subject to the terms of any pledge to the  
16 owners of any bonds, moneys in any reserve fund may be held  
17 and applied to the payment of principal, premium, if any,  
18 and interest of such bonds.

19 (d) Powers and duties. The Authority has the power:

20 (1) To issue bonds in one or more series pursuant to  
21 one or more resolutions of the Authority for any Clean  
22 Coal Project, Coal Project, Energy Efficiency Project,  
23 PACE Project, or Renewable Energy Project authorized under  
24 this Section, within the authorization set forth in  
25 subsection (e).

26 (2) To provide for the funding of any reserves or

1 other funds or accounts deemed necessary by the Authority  
2 in connection with any bonds issued by the Authority.

3 (3) To pledge any funds of the Authority or funds made  
4 available to the Authority that may be applied to such  
5 purpose as security for any bonds or any guarantees,  
6 letters of credit, insurance contracts or similar credit  
7 support or liquidity instruments securing the bonds.

8 (4) To enter into agreements or contracts with third  
9 parties, whether public or private, including, without  
10 limitation, the United States of America, the State or any  
11 department or agency thereof, to obtain any  
12 appropriations, grants, loans or guarantees that are  
13 deemed necessary or desirable by the Authority. Any such  
14 guarantee, agreement or contract may contain terms and  
15 provisions necessary or desirable in connection with the  
16 program, subject to the requirements established by the  
17 Act.

18 (4.5) To make loans under subsection (i) of Section  
19 801-40 to finance loans for PACE Projects.

20 (5) To exercise such other powers as are necessary or  
21 incidental to the foregoing.

22 (e) Clean Coal Project, Coal Project, Energy Efficiency  
23 Project, PACE Project, and Renewable Energy Project bond  
24 authorization and financing limits. In addition to any other  
25 bonds authorized to be issued under Sections 801-40(w),  
26 825-60, 830-25 and 845-5, the Authority may have outstanding,

1 at any time, bonds for the purpose enumerated in this Section  
2 825-65 in an aggregate principal amount that shall not exceed  
3 \$3,000,000,000, subject to the following limitations: (i) up to  
4 \$300,000,000 may be outstanding ~~issued~~ to finance projects,  
5 as described in clause (C) of subsection (b) (i) and clause (C)  
6 of subsection (b) (iv) of this Section 825-65; (ii) up to  
7 \$500,000,000 may be outstanding ~~issued~~ to finance projects, as  
8 described in clauses (D) and (E) of subsection (b) (i) of this  
9 Section 825-65; (iii) up to \$2,000,000,000 may be outstanding  
10 ~~issued~~ to finance Clean Coal Projects, as described in clauses  
11 (A) and (B) of subsection (b) (i) of this Section 825-65 and  
12 Coal Projects, as described in subsection (b) (ii) of this  
13 Section 825-65; and (iv) up to \$2,000,000,000 may be  
14 outstanding ~~issued~~ to finance Energy Efficiency Projects, as  
15 described in subsection (b) (iii) of this Section 825-65,  
16 Renewable Energy Projects, as described in clauses (A), (B),  
17 and (D) of subsection (b) (iv) of this Section 825-65, and PACE  
18 Projects. The limitations on aggregate principal amounts  
19 outstanding set forth in this subsection shall exclude bonds  
20 issued to refund the bonds of the Authority or bonds of the  
21 predecessor authorities issued under this Section 825-65. An  
22 application for a loan financed from bond proceeds from a  
23 borrower or its affiliates for a Clean Coal Project, a Coal  
24 Project, Energy Efficiency Project, PACE Project, or a  
25 Renewable Energy Project may not be approved by the Authority  
26 for an amount in excess of \$450,000,000 for any borrower or its

1 affiliates. A Clean Coal Project, Coal Project, or PACE  
2 Project must be located within the State. An Energy Efficiency  
3 Project may be located within the State or outside the State,  
4 provided that, if the Energy Efficiency Project is located  
5 outside of the State, it must be owned, operated, leased, or  
6 managed by an entity located within the State or any entity  
7 affiliated with an entity located within the State. These  
8 bonds shall not constitute an indebtedness or obligation of  
9 the State of Illinois and it shall be plainly stated on the  
10 face of each bond that it does not constitute an indebtedness  
11 or obligation of the State of Illinois, but is payable solely  
12 from the revenues, income or other assets of the Authority  
13 pledged therefor.

14 (f) The bonding authority granted under this Section is in  
15 addition to and not limited by the provisions of Section  
16 845-5.

17 (Source: P.A. 100-201, eff. 8-18-17; 100-919, eff. 8-17-18.)

18 (20 ILCS 3501/845-45)

19 Sec. 845-45. Prohibited financial interest in contracts;  
20 other potential conflicts of interest.

21 (a) No member, officer, ~~agent,~~ or employee of the  
22 Authority may be in any manner financially interested,  
23 directly in that person's own name or indirectly in the name of  
24 any other person, association, trust, or corporation, in any  
25 contract or agreement upon which that person may be called to

1 act or vote. No member, officer, or employee of the Authority  
2 may represent before the Authority, either as an agent or  
3 otherwise, any person, association, trust, or corporation,  
4 with respect to any application or bid for any contract or  
5 agreement upon which the person may be called to act or vote.  
6 No member, officer, or employee of the Authority may take or  
7 receive, or offer to take or receive, either directly or  
8 indirectly, any money or other thing of value as a gift, bribe,  
9 or means of influencing that person's vote or action in that  
10 person's official capacity. Any member, officer, or employee  
11 of the Authority who holds a financial interest prohibited by  
12 this Section shall abstain from deliberating or voting on the  
13 award or material modification of any contract or agreement in  
14 which that person holds a financial interest. If an Authority  
15 member abstains from deliberation or voting on a matter in  
16 accordance with this Section, the abstaining member shall be  
17 considered present for the purposes of establishing or  
18 maintaining a quorum. An officer or employee of the Authority  
19 that has abstained from the deliberation and awarding of a  
20 contract or agreement is permitted to perform any  
21 non-discretionary administrative duties necessary to carry out  
22 the decision of the Authority with respect to the contract or  
23 agreement. shall, in his or her own name or in the name of a  
24 nominee, be an officer or director or hold an ownership  
25 interest of more than 7 1/2% in any person, association,  
26 trust, corporation, partnership, or other entity that is, in

1 ~~its own name or in the name of a nominee, a party to a contract~~  
2 ~~or agreement upon which the member, officer, agent, or~~  
3 ~~employee may be called upon to act or vote.~~

4 (b) A member, officer, or employee of the Authority shall  
5 not be considered to have a financial interest in a contract or  
6 agreement if (i) the contract or agreement under consideration  
7 by the Authority is with a person, firm, partnership,  
8 association, corporation, cooperative association, or public  
9 body in which the member, officer, or employee of the  
10 Authority has less than a 5% share in the ownership of the  
11 entity, (ii) the interested member, officer, or employee  
12 discloses the nature and extent of the financial interest  
13 prior to deliberations concerning the proposed award or  
14 material modification of the contract or agreement, (iii) the  
15 contract or agreement is less than \$1,500, and (iv) the  
16 cumulative amount of all contracts or agreements so awarded to  
17 the same person, firm, association, partnership, corporation,  
18 or cooperative association in the same fiscal year does not  
19 exceed \$25,000. The limitations on individual and cumulative  
20 contract or agreement amounts shall not apply to contracts or  
21 agreements that are awarded after a competitive sealed  
22 procurement or, in the case of a competitive grant  
23 opportunity, a merit-based review in which the interested  
24 member, officer, or employee was not involved. A member,  
25 officer, or employee of the Authority shall not be considered  
26 to have a financial interest in a contract or agreement

1 involving a not-for-profit corporation, a unit of local  
2 government, a school district, or any other public body if  
3 such member, officer, or employee of the Authority serves as  
4 an officer, director, or member of the not-for-profit  
5 corporation, unit of local government, school district, or  
6 other public body on a volunteer basis with no compensation  
7 except for reimbursement by for expenses incurred as the  
8 result of the volunteer service. ~~With respect to any direct or~~  
9 ~~any indirect interest, other than an interest prohibited in~~  
10 ~~subsection (a), in a contract or agreement upon which the~~  
11 ~~member, officer, agent, or employee may be called upon to act~~  
12 ~~or vote, a member, officer, agent, or employee of the~~  
13 ~~Authority shall disclose the interest to the secretary of the~~  
14 ~~Authority before the taking of final action by the Authority~~  
15 ~~concerning the contract or agreement and shall so disclose the~~  
16 ~~nature and extent of the interest and his or her acquisition of~~  
17 ~~it, and those disclosures shall be publicly acknowledged by~~  
18 ~~the Authority and entered upon the minutes of the Authority.~~  
19 ~~If a member, officer, agent, or employee of the Authority~~  
20 ~~holds such an interest, then he or she shall refrain from any~~  
21 ~~further official involvement in regard to the contract or~~  
22 ~~agreement, from voting on any matter pertaining to the~~  
23 ~~contract or agreement, and from communicating with other~~  
24 ~~members of the Authority or its officers, agents, and~~  
25 ~~employees concerning the contract or agreement.~~  
26 Notwithstanding any other provision of law, any contract or

1 agreement entered into in conformity with subsections (a) and  
2 ~~this subsection~~ (b) of this Section shall not be void or  
3 invalid by reason of the interest described in this  
4 subsection, nor shall any person so disclosing the interest  
5 and refraining from further official involvement as provided  
6 in subsections (a) and (b) of this Section ~~this subsection~~ be  
7 guilty of an offense, be removed from office, or be subject to  
8 any other penalty on account of that interest.

9 (c) Any contract or agreement made in violation of  
10 paragraphs (a) or (b) of this Section shall be null and void  
11 and give rise to no action against the Authority.

12 (d) In making determinations under this Section, to the  
13 extent applicable, the Authority may rely on precedent and  
14 Attorney General guidance involving the interpretation of  
15 Section 3 of the Public Officer Prohibited Activities Act. The  
16 Authority may, by resolution, adopt policies to interpret and  
17 effectuate this Section. Nothing in this Section shall be  
18 interpreted to supersede obligations under the State Officials  
19 and Employees Ethics Act, the Governmental Ethics Act, the  
20 Illinois Procurement Code, or the Grant Accountability and  
21 Transparency Act.

22 (Source: P.A. 93-205, eff. 1-1-04.)

23 Section 10. The Public Officer Prohibited Activities Act  
24 is amended by changing Section 3 as follows:

1 (50 ILCS 105/3) (from Ch. 102, par. 3)

2 Sec. 3. Prohibited interest in contracts.

3 (a) No person holding any office, either by election or  
4 appointment under the laws or Constitution of this State, may  
5 be in any manner financially interested directly in his own  
6 name or indirectly in the name of any other person,  
7 association, trust, or corporation, in any contract or the  
8 performance of any work in the making or letting of which such  
9 officer may be called upon to act or vote. No such officer may  
10 represent, either as agent or otherwise, any person,  
11 association, trust, or corporation, with respect to any  
12 application or bid for any contract or work in regard to which  
13 such officer may be called upon to vote. Nor may any such  
14 officer take or receive, or offer to take or receive, either  
15 directly or indirectly, any money or other thing of value as a  
16 gift or bribe or means of influencing his vote or action in his  
17 official character. Any contract made and procured in  
18 violation hereof is void. This Section shall not apply to any  
19 person serving on an advisory panel or commission, to the  
20 members and officers of the Illinois Finance Authority, to any  
21 director serving on a hospital district board as provided  
22 under subsection (a-5) of Section 13 of the Hospital District  
23 Law, or to any person serving as both a contractual employee  
24 and as a member of a public hospital board as provided under  
25 Article 11 of the Illinois Municipal Code in a municipality  
26 with a population between 13,000 and 16,000 that is located in

1 a county with a population between 50,000 and 70,000.

2 (b) However, any elected or appointed member of the  
3 governing body may provide materials, merchandise, property,  
4 services, or labor, subject to the following provisions under  
5 either paragraph (1) or (2):

6 (1) If:

7 A. the contract is with a person, firm,  
8 partnership, association, corporation, or cooperative  
9 association in which such interested member of the  
10 governing body of the municipality has less than a 7  
11 1/2% share in the ownership; and

12 B. such interested member publicly discloses the  
13 nature and extent of his interest prior to or during  
14 deliberations concerning the proposed award of the  
15 contract; and

16 C. such interested member abstains from voting on  
17 the award of the contract, though he shall be  
18 considered present for the purposes of establishing a  
19 quorum; and

20 D. such contract is approved by a majority vote of  
21 those members presently holding office; and

22 E. the contract is awarded after sealed bids to  
23 the lowest responsible bidder if the amount of the  
24 contract exceeds \$1500, or awarded without bidding if  
25 the amount of the contract is less than \$1500; and

26 F. the award of the contract would not cause the

1 aggregate amount of all such contracts so awarded to  
2 the same person, firm, association, partnership,  
3 corporation, or cooperative association in the same  
4 fiscal year to exceed \$25,000.

5 (2) If:

6 A. the award of the contract is approved by a  
7 majority vote of the governing body of the  
8 municipality provided that any such interested member  
9 shall abstain from voting; and

10 B. the amount of the contract does not exceed  
11 \$2,000; and

12 C. the award of the contract would not cause the  
13 aggregate amount of all such contracts so awarded to  
14 the same person, firm, association, partnership,  
15 corporation, or cooperative association in the same  
16 fiscal year to exceed \$4,000; and

17 D. such interested member publicly discloses the  
18 nature and extent of his interest prior to or during  
19 deliberations concerning the proposed award of the  
20 contract; and

21 E. such interested member abstains from voting on  
22 the award of the contract, though he shall be  
23 considered present for the purposes of establishing a  
24 quorum.

25 (b-5) In addition to the above exemptions, any elected or  
26 appointed member of the governing body may provide materials,

1 merchandise, property, services, or labor if:

2           A. the contract is with a person, firm, partnership,  
3           association, corporation, or cooperative association in  
4           which the interested member of the governing body of the  
5           municipality, advisory panel, or commission has less than  
6           a 1% share in the ownership; and

7           B. the award of the contract is approved by a majority  
8           vote of the governing body of the municipality provided  
9           that any such interested member shall abstain from voting;  
10          and

11          C. such interested member publicly discloses the  
12          nature and extent of his interest before or during  
13          deliberations concerning the proposed award of the  
14          contract; and

15          D. such interested member abstains from voting on the  
16          award of the contract, though he shall be considered  
17          present for the purposes of establishing a quorum.

18          (c) A contract for the procurement of public utility  
19          services by a public entity with a public utility company is  
20          not barred by this Section by one or more members of the  
21          governing body of the public entity being an officer or  
22          employee of the public utility company or holding an ownership  
23          interest of no more than 7 1/2% in the public utility company,  
24          or holding an ownership interest of any size if the public  
25          entity is a municipality with a population of less than 7,500  
26          and the public utility's rates are approved by the Illinois

1 Commerce Commission. An elected or appointed member of the  
2 governing body of the public entity having such an interest  
3 shall be deemed not to have a prohibited interest under this  
4 Section.

5 (d) Notwithstanding any other provision of this Section or  
6 any other law to the contrary, until January 1, 1994, a member  
7 of the city council of a municipality with a population under  
8 20,000 may purchase real estate from the municipality, at a  
9 price of not less than 100% of the value of the real estate as  
10 determined by a written MAI certified appraisal or by a  
11 written certified appraisal of a State certified or licensed  
12 real estate appraiser, if the purchase is approved by a  
13 unanimous vote of the city council members then holding office  
14 (except for the member desiring to purchase the real estate,  
15 who shall not vote on the question).

16 (e) For the purposes of this Section only, a municipal  
17 officer shall not be deemed interested if the officer is an  
18 employee of a company or owns or holds an interest of 1% or  
19 less in the municipal officer's individual name in a company,  
20 or both, that company is involved in the transaction of  
21 business with the municipality, and that company's stock is  
22 traded on a nationally recognized securities market, provided  
23 the interested member: (i) publicly discloses the fact that he  
24 or she is an employee or holds an interest of 1% or less in a  
25 company before deliberation of the proposed award of the  
26 contract; (ii) refrains from evaluating, recommending,

1 approving, deliberating, or otherwise participating in  
2 negotiation, approval, or both, of the contract, work, or  
3 business; (iii) abstains from voting on the award of the  
4 contract though he or she shall be considered present for  
5 purposes of establishing a quorum; and (iv) the contract is  
6 approved by a majority vote of those members currently holding  
7 office.

8 A municipal officer shall not be deemed interested if the  
9 officer owns or holds an interest of 1% or less, not in the  
10 officer's individual name but through a mutual fund or  
11 exchange-traded fund, in a company, that company is involved  
12 in the transaction of business with the municipality, and that  
13 company's stock is traded on a nationally recognized  
14 securities market.

15 (f) Under either of the following circumstances, a  
16 municipal, county, or township officer may hold a position on  
17 the board of a not-for-profit corporation that is interested  
18 in a contract, work, or business of the municipality, county,  
19 or township:

20 (1) If the municipal, county, or township officer is  
21 appointed by the governing body of the municipality,  
22 county, or township to represent the interests of the  
23 municipality, county, or township on a not-for-profit  
24 corporation's board, then the municipal, county, or  
25 township officer may actively vote on matters involving  
26 either that board or the municipality, county, or

1 township, at any time, so long as the membership on the  
2 not-for-profit board is not a paid position, except that  
3 the municipal, county, or township officer may be  
4 reimbursed by the not-for-profit board for expenses  
5 incurred as the result of membership on the not-for-profit  
6 board.

7 (2) If the municipal, county, or township officer is  
8 not appointed to the governing body of a not-for-profit  
9 corporation by the governing body of the municipality,  
10 county, or township, then the municipal, county, or  
11 township officer may continue to serve; however, the  
12 municipal, county, or township officer shall abstain from  
13 voting on any proposition before the municipal, county, or  
14 township governing body directly involving the  
15 not-for-profit corporation and, for those matters, shall  
16 not be counted as present for the purposes of a quorum of  
17 the municipal, county, or township governing body.

18 (Source: P.A. 103-25, eff. 1-1-24.)