



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1737

Introduced 2/9/2011, by Sen. Mike Jacobs

SYNOPSIS AS INTRODUCED:

30 ILCS 350/15	from Ch. 17, par. 6915
105 ILCS 5/10-20.43	
105 ILCS 5/10-22.36	from Ch. 122, par. 10-22.36
105 ILCS 5/17-20 new	

Amends the Local Government Debt Reform Act and the School Code. Allows the school board of any school district having a population of less than 500,000 inhabitants to impose a tax 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 school district, 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 school district and approved by a majority of those voting on the question. Provides that the tax may be imposed in only one-quarter percent increments and may not exceed 1%. Sets forth items on which the tax must not be imposed, and gives the Department of Revenue administration and enforcement powers. Provides that if this tax has been imposed, then a service occupation tax must also be imposed at the same rate upon all persons engaged, in the school district, in the business of making sales of service who, as an incident to making those sales of service, transfer tangible personal property within the school district as an incident to the sale of service. Provides for certain referendum exceptions. Effective immediately.

LRB097 05043 NHT 45083 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning education.

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 or
9 whenever there exists for a governmental unit a revenue source,
10 the procedures set forth in this Section may be used by a
11 governing body. General obligation bonds may be issued in lieu
12 of such revenue bonds as authorized, and general obligation
13 bonds may be issued payable from any revenue source. Such
14 general obligation bonds may be referred to as "alternate
15 bonds". Alternate bonds may be issued without any referendum or
16 backdoor referendum except as provided in this Section, upon
17 the terms provided in Section 10 of this Act without reference
18 to other provisions of law, but only upon the conditions
19 provided in this Section. Alternate bonds shall not be regarded
20 as or included in any computation of indebtedness for the
21 purpose of any statutory provision or limitation except as
22 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 source
6 is limited in its purposes or applications, then the alternate
7 bonds shall be issued only for such limited purposes or
8 applications. Alternate bonds may be issued payable from either
9 enterprise revenues or revenue sources, or both.

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

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

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

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

1 realized from revenues obtained from the County School Facility
2 Occupation Tax Law under Section 5-1006.7 of the Counties Code
3 or from revenues obtained under Section 17-20 of the School
4 Code.

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

1 interest shall be projected for such specified period of time
2 on the basis of the agreed-upon rate payable by the
3 governmental unit.

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

1 that the alternate bonds are valid.

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

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

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

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

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

6 The changes made by this amendatory Act of 1990 do not
7 affect the validity of bonds authorized before September 1,
8 1990.

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

10 Section 10. The School Code is amended by changing Sections
11 10-20.43 and 10-22.36 and by adding Section 17-20 as follows:

12 (105 ILCS 5/10-20.43)

13 Sec. 10-20.43. School facility occupation tax fund. All
14 proceeds received by a school district from a distribution
15 under Section 3-14.31 or 17-20 of this Code must be maintained
16 in a special fund known as the school facility occupation tax
17 fund. The district may use moneys in that fund only for school
18 facility purposes, as that term is defined under Section
19 5-1006.7 of the Counties Code.

20 (Source: P.A. 95-675, eff. 10-11-07; 95-876, eff. 8-21-08.)

21 (105 ILCS 5/10-22.36) (from Ch. 122, par. 10-22.36)

22 Sec. 10-22.36. Buildings for school purposes. To build or
23 purchase a building for school classroom or instructional

1 purposes upon the approval of a majority of the voters upon the
2 proposition at a referendum held for such purpose or in
3 accordance with Section 17-2.11, 19-3.5, or 19-3.10. The board
4 may initiate such referendum by resolution. The board shall
5 certify the resolution and proposition to the proper election
6 authority for submission in accordance with the general
7 election law.

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

15 Before erecting, or purchasing or remodeling such a
16 building the board shall submit the plans and specifications
17 respecting heating, ventilating, lighting, seating, water
18 supply, toilets and safety against fire to the regional
19 superintendent of schools having supervision and control over
20 the district, for approval in accordance with Section 2-3.12.

21 Notwithstanding any of the foregoing, no referendum shall
22 be required if the purchase, construction, or building of any
23 such building is completed (1) while the building is being
24 leased by the school district or (2) with the expenditure of
25 (A) funds derived from the sale or disposition of other
26 buildings, land, or structures of the school district or (B)

1 funds received (i) as a grant under the School Construction
2 Law, (ii) as gifts or donations, provided that no funds to
3 complete such building, other than lease payments, are derived
4 from the district's bonded indebtedness or the tax levy of the
5 district, ~~or~~ (iii) from the County School Facility Occupation
6 Tax Law under Section 5-1006.7 of the Counties Code, or (iv)
7 under Section 17-20 of this Code.

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

9 (105 ILCS 5/17-20 new)

10 Sec. 17-20. School district facility occupation tax.

11 (a) For the purposes of this Section, "school facility
12 purposes" means the (i) acquisition, development,
13 construction, reconstruction, rehabilitation, improvement,
14 financing, architectural planning, and installation of capital
15 facilities consisting of buildings, structures, and durable
16 equipment and for the acquisition and improvement of real
17 property and interest in real property required or expected to
18 be required in connection with the capital facilities and (ii)
19 the payment of bonds or other obligations heretofore or
20 hereafter issued, including bonds or other obligations
21 heretofore or hereafter issued to refund or to continue to
22 refund bonds or other obligations issued, for school facility
23 purposes, provided that the taxes levied to pay those bonds are
24 abated by the amount of the taxes imposed under this Section
25 that are used to pay the bonds. "School-facility purposes" also

1 includes fire prevention, safety, energy conservation,
2 disabled accessibility, school security, and specified repair
3 purposes set forth under Section 17-2.11 of this Code.

4 (b) The school board of any school district having a
5 population of less than 500,000 inhabitants may impose a tax
6 upon all persons engaged in the business of selling tangible
7 personal property, other than personal property titled or
8 registered with an agency of this State's government, at retail
9 in the school district, on the gross receipts from the sales
10 made in the course of business, to provide revenue to be used
11 exclusively for school facility purposes if a proposition for
12 the tax has been submitted to the electors of that school
13 district and approved by a majority of those voting on the
14 question as provided in subsection (d) of this Section. The tax
15 under this Section may be imposed in only one-quarter percent
16 increments and may not exceed 1%.

17 This tax must not be imposed on the sale of food for human
18 consumption that is to be consumed off the premises where it is
19 sold (other than alcoholic beverages, soft drinks, and food
20 that has been prepared for immediate consumption) and
21 prescription and non-prescription medicines, drugs, medical
22 appliances and insulin, urine testing materials, syringes, and
23 needles used by diabetics. The Department of Revenue has full
24 power to administer and enforce this subsection (b), to collect
25 all taxes and penalties due under this subsection (b), to
26 dispose of taxes and penalties so collected in the manner

1 provided in this subsection (b), and to determine all rights to
2 credit memoranda arising on account of the erroneous payment of
3 a tax or penalty under this subsection (b). The Department
4 shall deposit all taxes and penalties collected under this
5 subsection (b) into a special fund created for that purpose.

6 In the administration of and compliance with this
7 subsection (b), the Department of Revenue and persons who are
8 subject to this subsection (b) (i) have the same rights,
9 remedies, privileges, immunities, powers, and duties; (ii) are
10 subject to the same conditions, restrictions, limitations,
11 penalties, and definitions of terms; and (iii) shall employ the
12 same modes of procedure as are set forth in Sections 1 through
13 1o, 2 through 2-70 (in respect to all provisions contained in
14 those Sections other than the State rate of tax), 2a through
15 2h, 3 (except as to the disposition of taxes and penalties
16 collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k,
17 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 11a, 12, and 13 of the
18 Retailers' Occupation Tax Act and all provisions of the Uniform
19 Penalty and Interest Act as if those provisions were set forth
20 in this subsection (b).

21 The certificate of registration that is issued by the
22 Department of Revenue to a retailer under the Retailers'
23 Occupation Tax Act permits the retailer to engage in a business
24 that is taxable without registering separately with the
25 Department under a resolution under this subsection (b).

26 Persons subject to a tax imposed under the authority of

1 this subsection (b) may reimburse themselves for their seller's
2 tax liability by separately stating that tax as an additional
3 charge, which may be stated in combination, in a single amount,
4 with State tax that sellers are required to collect under the
5 Use Tax Act, pursuant to any bracketed schedules set forth by
6 the Department of Revenue.

7 (c) If a tax has been imposed under subsection (b) of this
8 Section, then a service occupation tax must also be imposed at
9 the same rate upon all persons engaged, in the school district,
10 in the business of making sales of service who, as an incident
11 to making those sales of service, transfer tangible personal
12 property within the school district as an incident to the sale
13 of service.

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

21 The tax imposed under this subsection (c) and all civil
22 penalties that may be assessed as an incident thereof must be
23 collected and enforced by the Department of Revenue and
24 deposited into a special fund created for that purpose. The
25 Department has full power to administer and enforce this
26 subsection (c), to collect all taxes and penalties due under

1 this subsection (c), to dispose of taxes and penalties so
2 collected in the manner provided in this subsection (c), and to
3 determine all rights to credit memoranda arising on account of
4 the erroneous payment of a tax or penalty under this subsection
5 (c).

6 In the administration of and compliance with this
7 subsection (c), the Department of Revenue and persons who are
8 subject to this subsection (c) shall (i) have the same rights,
9 remedies, privileges, immunities, powers, and duties; (ii) be
10 subject to the same conditions, restrictions, limitations,
11 penalties, and definitions of terms; and (iii) employ the same
12 modes of procedure as are set forth in Sections 2 (except that
13 the reference to the State in the definition of supplier
14 maintaining a place of business in this State means the school
15 district), 2a through 2d, 3 through 3-50 (in respect to all
16 provisions contained in those Sections other than the State
17 rate of tax), 4 (except that the reference to the State shall
18 be to the school district), 5, 7, 8 (except that the
19 jurisdiction to which the tax is a debt to the extent indicated
20 in Section 8 is the school district), 9 (except as to the
21 disposition of taxes and penalties collected), 10, 11, 12
22 (except the reference in Section 12 to Section 2b of the
23 Retailers' Occupation Tax Act), 13 (except that any reference
24 to the State means the school district), 15, 16, 17, 18, 19,
25 and 20 of the Service Occupation Tax Act and all provisions of
26 the Uniform Penalty and Interest Act, as fully as if those

1 provisions were set forth in this subsection (c).

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

9 (d) The taxes under this Section may not be imposed until,
10 by resolution of the school board, the question of imposing the
11 tax has been submitted to the electors of the school district
12 at a regular election and approved by a majority of the
13 electors voting on the question. Upon a resolution of the
14 school board, the school board must certify the question to the
15 proper election authority in accordance with the Election Code.

16 The election authority must submit the question in
17 substantially the following form:

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

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

23 If a majority of the electors voting on the question vote
24 in the affirmative, then the school district may, thereafter,

1 impose the tax.

2 (e) The Department of Revenue shall immediately pay over to
3 the State Treasurer, ex officio as trustee, all taxes and
4 penalties collected under this Section, to be deposited into
5 the School District Facility Occupation Tax Fund, which must be
6 an unappropriated trust fund held outside the State treasury.

7 On or before the 25th day of each calendar month, the
8 Department of Revenue shall prepare and certify to the State
9 Comptroller the disbursement of stated sums of money to school
10 districts from which retailers or servicemen have paid taxes or
11 penalties to the Department during the second preceding
12 calendar month. The amount to be paid to each school district
13 is equal to the amount (not including credit memoranda)
14 collected from the school district under this Section during
15 the second preceding calendar month by the Department, (i) less
16 2% of that amount, which must be deposited into the Tax
17 Compliance and Administration Fund and must be used by the
18 Department, subject to appropriation, to cover the costs of the
19 Department in administering and enforcing the provisions of
20 this Section on behalf of the school district; (ii) plus an
21 amount that the Department determines is necessary to offset
22 any amounts that were erroneously paid to a different taxing
23 body; (iii) less an amount equal to the amount of refunds made
24 during the second preceding calendar month by the Department on
25 behalf of the school district; and (iv) less any amount that
26 the Department determines is necessary to offset any amounts

1 that were payable to a different taxing body but were
2 erroneously paid to the school district. When certifying the
3 amount of a monthly disbursement to a school district under
4 this Section, the Department shall increase or decrease the
5 amounts by an amount necessary to offset any miscalculation of
6 previous disbursements within the previous 6 months from the
7 time a miscalculation is discovered.

8 Within 10 days after receipt by the State Comptroller from
9 the Department of Revenue of the disbursement certification to
10 school districts provided for in this Section, the State
11 Comptroller shall cause the orders to be drawn for the
12 respective amounts in accordance with directions contained in
13 the certification.

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

22 (f) For the purposes of determining the school district
23 whose tax is applicable, a retail sale by a producer of coal or
24 another mineral mined in this State is a sale at retail at the
25 place where the coal or other mineral mined in this State is
26 extracted from the earth. This subsection (f) does not apply to

1 coal or another mineral if it is delivered or shipped by the
2 seller to the purchaser at a point outside this State so that
3 the sale is exempt under the Constitution of the United States
4 as a sale in interstate or foreign commerce.

5 (g) Nothing in this Section may be construed to authorize a
6 school board to impose a tax upon the privilege of engaging in
7 any business that under the Constitution of the United States
8 may not be made the subject of taxation by this State.

9 (h) If a school board imposes a tax under this Section,
10 then the board may, by resolution, discontinue or reduce the
11 rate of the tax. If, however, a school board issues bonds that
12 are backed by the proceeds of the tax under this Section, then
13 the board may not reduce the tax rate or discontinue the tax if
14 that rate reduction or discontinuance would inhibit the board's
15 ability to pay the principal and interest on those bonds as
16 they become due. If the school board reduces the tax rate or
17 discontinues the tax, then a referendum must be held in
18 accordance with subsection (d) of this Section in order to
19 increase the rate of the tax or to reimpose the discontinued
20 tax.

21 The results of any election that authorizes a proposition
22 to impose a tax under this Section or to change the rate of the
23 tax along with a resolution imposing the tax or any resolution
24 that lowers the rate or discontinues the tax must be certified
25 by the county clerk and filed with the Department of Revenue
26 either (i) on or before the first day of April, whereupon the

1 Department shall proceed to administer and enforce the tax or
2 change in the rate as of the first day of July next following
3 the filing; or (ii) on or before the first day of October,
4 whereupon the Department shall proceed to administer and
5 enforce the tax or change in the rate as of the first day of
6 January next following the filing.

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