

Client Alert

Current Issues Relevant to Our Clients

May 23, 2013

House Bill 983, as amended by Senate Amendments 1 and 2

Amendments to the Alternate Bond Provisions Contained in the Local Government Debt Reform Act

House Bill 983, as amended by Senate Amendments 1 and 2, amends the alternate bond provisions contained in the Local Government Debt Reform Act of the State of Illinois (the “*Debt Reform Act*”) **for alternate bonds payable solely from enterprise revenues**. “Enterprise revenues” means the revenues of a utility or revenue producing enterprise from which revenue bonds may be payable. The changes to the Debt Reform Act are as follows:

- The length of the backdoor petition period will be extended from 30 to 45 days.
- The number of electors required to sign a petition to submit a question for the proposed issuance of alternate bonds to referendum will be amended as follows:
 - The necessary number of electors for governmental units with *more than 4,000 registered voters* will be the lesser of (i) 5% of the registered voters or (ii) 5,000 registered voters.
 - The necessary number of electors for governmental units with *4,000 or fewer registered voters* will be the lesser of (i) 15% of the registered voters or (ii) 200 registered voters.

The following alternate bonds will not be affected by the above described changes contained in House Bill 983, as amended:

- Alternate bonds issued by a governmental unit with 500,000 or more inhabitants.
- Alternate bonds payable solely from enterprise revenues that finance or refinance projects concerning public utilities, public streets and roads or public safety facilities, and related infrastructure and equipment.
- Alternate bonds payable in whole or in part from a revenue source. “Revenue source” means a source of funds, other than enterprise revenues, received or available to be received by a governmental unit and available for any one or more of its corporate purposes.

The Debt Reform Act will continue to require that a feasibility report used to demonstrate coverage for alternate bonds be prepared by an independent accountant or feasibility analyst and that the feasibility analyst have a national reputation for expertise in such matters; however, House Bill 983, as amended, will prohibit the feasibility analyst from being otherwise involved in the project being financed or refinanced with the proceeds of the alternate bonds. This change is applicable to all alternate bond issues.

House Bill 983, as amended, has a January 1, 2014, effective date.

This client alert is an update to a previous alert entitled *Proposed Amendments to Alternate Bond Provisions in the Local Government Debt Reform Act*. A copy of that alert can be found [here](#).

For More Information

If you have questions regarding House Bill 983, please contact a member of the Firm’s Public Finance Group or visit us online at chapman.com.

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