

# Client Alert

Current Issues Relevant to Our Clients

April 2, 2013

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

On January 29, 2013, House Bill 983 was introduced in the General Assembly. The Bill was approved by the Cities & Villages Committee on March 14, 2013, and will be headed to the House floor for further consideration once the General Assembly returns from its spring recess.

House Bill 983 amends the alternate bond provisions in the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Debt Reform Act*"), in the following ways:

- The length of the backdoor petition period will be extended from 30 to 45 days for governmental units with *fewer than 500,000 inhabitants*. The petition period will remain the same (30 days) for governmental units with *500,000 or more inhabitants*.
- 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 for governmental units having *fewer than 500,000 inhabitants*:
  - 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.
  - These amendments will not affect governmental units having *500,000 or more inhabitants* so that the required number of electors in such governmental units will continue to be the greater of (i) 7.5% of the registered voters in the governmental unit or (ii) 200 of those registered voters or 15% of those registered voters, whichever is less.
- 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 will forbid the feasibility analyst from being otherwise involved in the project for which such analyst's feasibility report is prepared.

### For More Information

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*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](http://chapman.com).*

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