



Double-Barreled Bonds

Alternate (or double-barreled) bonds are so named to describe the dual nature of the security that provides for their payment. Typically, they are payable from a primary revenue source, such as enterprise revenues, sales taxes or state aid. The second level of security is a full faith and credit tax levy that is available to provide payment in the event the primary revenue source is insufficient to pay the bonds. The intent is that the revenue source will be sufficient to pay the bonds so that the taxes levied for their payment will not in fact be extended.

In Illinois, a governmental unit may issue alternate bonds for a lawful corporate purpose. They are payable from an identified revenue source that is expected to be sufficient to provide, in each year, not less than 1.25 times (1.10 times if the revenue source is certain governmental funds) debt service on all outstanding alternate bonds payable from the revenue source and the alternate bonds proposed to be issued.

The issuance of alternate bonds is subject to approval by referendum if the requisite number of voters in the governmental unit files a lawful petition objecting to the issuance of the bonds within thirty days following publication of the governmental unit's intent to issue them. Alternate bonds do not constitute debt for the purpose of any statutory provision or limitation, unless the full faith and credit property tax levy is extended for their payment.

Publications: (For a copy of any of the following publications, please call or e-mail any of the attorneys in the Public Finance Group.)

- *Borrowing Alternatives for Illinois Public Community College Districts*
- *Borrowing Alternatives for Illinois Cities and Villages*
- *Borrowing Alternatives for Illinois Counties*
- *Borrowing Alternatives for Illinois Public Library Districts and Public Library Boards*

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