



Tax and Revenue Anticipation Notes and Warrants

Tax and revenue anticipation notes and warrants are frequently issued by units of local government to solve problems associated with the mismatch between the receipt of property tax or other revenues and ongoing expenditures. Typically, tax revenues are received in two primary installments during the year, while expenditures must be made on a daily basis for governments to operate. Short-term borrowings, such as warrants and notes, may be used by a governmental unit to cover deficits that may arise as a result of this timing mismatch.

Notes and warrants enable governmental units to borrow to meet cash flow needs. Federal tax laws require an analysis of a governmental unit's cash flow needs if the borrowing is to be done on a tax-exempt basis. The need is demonstrated by preparing month-by-month cash flow estimates for the funds for which the borrowing will be made.

The statutes under which notes and warrants are authorized are likely to include a formula or dollar amount limiting the amount of notes or warrants that may be lawfully issued. They are typically payable solely from the taxes or revenues being anticipated.

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*
- *Borrowing Alternatives for Illinois Park Districts*
- *Borrowing Alternatives for Illinois School Districts*

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