

AN ACT concerning finance.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Finance Authority Act is amended by adding Sections 825-105 and 825-110 as follows:

(20 ILCS 3501/825-105 new)

Sec. 825-105. Implementation of ARRA provisions regarding recovery zone bonds.

(a) Findings.

Recovery zone bonds authorized by the American Recovery and Reinvestment Act of 2009 are an important economic development tool for the State. All counties in the State and municipalities in the State with a population of 100,000 or more have received an allocation of recovery zone bond authorization. Under federal law, those allocations must be used on or before December 31, 2010. The State strongly encourages counties and municipalities to issue recovery zone bonds to spur economic development in the State. Under federal law, the allocations may be voluntarily waived to the State for reallocation by the State to other jurisdictions and other projects in the State. This Section sets forth the process by which the Authority, on behalf of the State, will receive

otherwise unused allocations and ensure that this valuable economic development incentive will be used to the fullest extent feasible for the benefit of the citizens of the State of Illinois.

(b) Definitions.

(i) "Affected local government" means either any county in the State or a municipality within the State if the municipality has a population of 100,000 or more.

(ii) "Allocation amount" means the \$666,972,000 amount of recovery zone economic development bonds and \$1,000,457,000 amount of recovery zone facility bonds authorized under ARRA for the financing of qualifying projects located within the State and the sub-allocation of those amounts among each affected local government.

(iii) "ARRA" means, collectively, the American Recovery and Reinvestment Act of 2009, including, without limitation, Sections 1400U-1, 1400U-2, and 1400U-3 of the Code; the guidance provided by the Internal Revenue Service applicable to recovery zone bonds; and any legislation subsequently adopted by the United States Congress to extend or expand the economic development bond financing incentives authorized by ARRA.

(iv) "ARRA implementing regulations" means the regulations promulgated by the Authority as further described in subdivision (d)(iv) of this Section to

implement the provisions of this Section.

(v) "Code" means the Internal Revenue Code of 1986, as amended.

(vi) "Recovery zone" means any area designated pursuant to Section 1400U-1 of the Code.

(vii) "Recovery zone bond" means any recovery zone economic development bond or recovery zone facility bond issued pursuant to Sections 1400U-2 and 1400U-3, respectively, of the Code.

(viii) "Recovery zone bond allocation" means an allocation of authority to issue recovery zone bonds granted pursuant to Section 1400U-1 of the Code.

(ix) "Regional authority" means the Central Illinois Economic Development Authority, Eastern Illinois Economic Development Authority, Joliet Arsenal Development Authority, Quad Cities Regional Economic Development Authority, Riverdale Development Authority, Southeastern Illinois Economic Development Authority, Southern Illinois Development Authority, Southwestern Illinois Development Authority, Tri-County River Valley Development Authority, Upper Illinois River Valley Development Authority, Illinois Urban Development Authority, Western Illinois Economic Development Authority, or Will-Kankakee Regional Development Authority.

(x) "Sub-allocation" means the portion of the allocation amount allocated to each affected local

government.

(xi) "Waived recovery zone bond allocation" means the amount of the recovery zone bond allocation voluntarily waived by an affected local government.

(xii) "Waiver agreement" means an agreement between the Authority and an affected local government providing for the voluntary waiver, in whole or in part, of that affected local government's sub-allocation to the Authority. The waiver agreement may provide for the payment of an affected local government's reasonable fees and costs as determined by the Authority in connection with the affected local government's voluntary waiver of its sub-allocation.

(c) Additional findings.

It is found and declared that:

(i) it is in the public interest and for the benefit of the State to maximize the use of economic development incentives authorized by ARRA;

(ii) those incentives include the maximum use of the allocation amount for the issuance of recovery zone bonds to promote job creation and economic development in any area that has been designated as a recovery zone by an affected local government under the applicable provisions of ARRA;

(iii) those incentives also include the issuance by the

Authority of recovery zone bonds for the purposes of financing qualifying projects to be financed with proceeds of recovery zone bonds; and

(iv) the provisions of this Section reflect the State's determination in good faith and in its discretion of the reasonable manner in which waived recovery zone bond allocations should be reallocated by the Authority.

(d) Powers of Authority.

(i) In order to carry out the provisions of ARRA and further the purposes of this Section, the Authority has:

(A) the power to receive from any affected local government its sub-allocation that it voluntarily waives to the Authority, in whole or in part, for reallocation by the Authority to a regional authority specifically designated by that affected local government, and the Authority shall reallocate that waived recovery zone bond allocation to the regional authority specifically designated by that affected local government; provided that (1) the affected local government must take official action by resolution or ordinance, as applicable, to waive the sub-allocation to the Authority and specifically designate that its waived recovery zone bond allocation should be reallocated to a regional authority; (2) the regional authority must use the sub-allocation to issue

recovery zone bonds on or before August 16, 2010 and, if recovery zone bonds are not issued on or before August 16, 2010, the sub-allocation shall be deemed waived to the Authority for reallocation by the Authority to qualifying projects; and (3) the proceeds of the recovery zone bonds must be used for qualified projects within the jurisdiction of the applicable regional authority;

(B) at the Authority's sole discretion, the power to reallocate any sub-allocation deemed waived to the Authority pursuant to subsection (d)(i)(A)(2) back to the regional authority that had the sub-allocation;

(C) the power to enter into waiver agreements with affected local governments to provide for their voluntary waivers, in whole or in part, of their sub-allocations, to receive waived recovery zone bond allocations from those affected local governments, and to use those waived recovery zone bond allocations, in whole or in part, to issue recovery zone bonds of the Authority for qualifying projects or to reallocate those waived recovery zone bond allocations, in whole or in part, to a county or municipality to issue its own recovery zone bonds for qualifying projects;

(D) the power to designate areas within the State as recovery zones or all of the State as a recovery zone; and

(E) the power to issue recovery zone bonds for any project authorized to be financed with proceeds thereof under the applicable provisions of ARRA.

(ii) In addition to the powers set forth in item (i), the Authority shall be the sole recipient, on behalf of the State, of any waived recovery zone bond allocations. Recovery zone bond allocations can be waived to the Authority only by voluntary waiver as provided in this Section.

(iii) In addition to the powers set forth in items (i) and (ii), the Authority has any powers otherwise enjoyed by the Authority in connection with the issuance of its bonds if those powers are not in conflict with any provisions with respect to recovery zone bonds set forth in ARRA.

(iv) The Authority has the power to adopt regulations providing for the implementation of any of the provisions contained in this Section, including provisions regarding waiver agreements and the reallocation of all or any portion of the allocation amount and sub-allocations and the issuance of recovery zone bonds; except that those regulations shall not (1) apply to or affect any designation of a recovery zone by a county or municipality, (2) provide for any waiver or reallocation of an affected local government's sub-allocation other than a voluntary waiver as described in subsection (d), or (3) be inconsistent with the provisions of subsection (d)(i).

Regulations adopted by the Authority for determining reallocation of all or any portion of a waived recovery zone bond allocation may include, but are not limited to, (1) the ability of the county or municipality to issue recovery zone bonds on or before December 31, 2010, (2) the amount of jobs that will be retained or created, or both, by the qualifying project to be financed by recovery zone bonds, and (3) the geographical proximity of the qualifying project to be financed by recovery zone bonds to a county or municipality that voluntarily waived its sub-allocation to the Authority.

(v) Unless extended by an act of the United States Congress, no recovery zone bonds may be issued after December 31, 2010.

(e) Established dates for notice.

Any affected local government or any regional authority that has issued recovery zone bonds on or before the effective date of this Section must report its issuance of recovery zone bonds to the Authority within 30 days after the effective date of this Section. After the effective date of this Section, any affected local government or any regional authority must report its issuance of recovery zone bonds to the Authority not less than 30 days after those bonds are issued.

(f) Reports to the General Assembly.

Starting 60 days after the effective date of this Section and ending on January 15, 2011, the Authority shall file a report before the 15th day of each month with the General Assembly detailing its implementation of this Section, including but not limited to the dollar amount of the allocation amount that has been reallocated by the Authority pursuant to this Section, the recovery zone bonds issued in the State as of the date of the report, and descriptions of the qualifying projects financed by those recovery zone bonds.

(20 ILCS 3501/825-110 new)

Sec. 825-110. Implementation of ARRA provisions regarding qualified energy conservation bonds.

(a) Definitions.

(i) "Affected local government" means any county or municipality within the State if the county or municipality has a population of 100,000 or more, as defined in Section 54D(e) (2) (C) of the Code.

(ii) "Allocation amount" means the \$133,846,000 amount of qualified energy conservation bonds authorized under ARRA for the financing of qualifying projects located within the State and the sub-allocation of those amounts among each affected local government.

(iii) "ARRA" means, collectively, the American Recovery and Reinvestment Act of 2009, including, without

limitation, Section 54D of the Code; the guidance provided by the Internal Revenue Service applicable to qualified energy conservation bonds; and any legislation subsequently adopted by the United States Congress to extend or expand the economic development bond financing incentives authorized by ARRA.

(iv) "ARRA implementing regulations" means the regulations promulgated by the Authority as further described in subdivision (c)(iv) of this Section to implement the provisions of this Section.

(v) "Code" means the Internal Revenue Code of 1986, as amended.

(vi) "Qualified energy conservation bond" means any qualified energy conservation bond issued pursuant to Section 54D of the Code.

(vii) "Qualified energy conservation bond allocation" means an allocation of authority to issue qualified energy conservation bonds granted pursuant to Section 54D of the Code.

(viii) "Regional authority" means the Central Illinois Economic Development Authority, Eastern Illinois Economic Development Authority, Joliet Arsenal Development Authority, Quad Cities Regional Economic Development Authority, Riverdale Development Authority, Southeastern Illinois Economic Development Authority, Southern Illinois Development Authority, Southwestern Illinois Development

Authority, Tri-County River Valley Development Authority, Upper Illinois River Valley Development Authority, Illinois Urban Development Authority, Western Illinois Economic Development Authority, or Will-Kankakee Regional Development Authority.

(ix) "Sub-allocation" means the portion of the allocation amount allocated to each affected local government.

(x) "Waived qualified energy conservation bond allocation" means the amount of the qualified energy conservation bond allocation that an affected local government elects to reallocate to the State pursuant to Section 54D(e) (2) (B) of the Code.

(xi) "Waiver agreement" means an agreement between the Authority and an affected local government providing for the reallocation, in whole or in part, of that affected local government's sub-allocation to the Authority. The waiver agreement may provide for the payment of an affected local government's reasonable fees and costs as determined by the Authority in connection with the affected local government's reallocation of its sub-allocation.

(b) Findings.

It is found and declared that:

(i) it is in the public interest and for the benefit of the State to maximize the use of economic development

incentives authorized by ARRA;

(ii) those incentives include the maximum use of the allocation amount for the issuance of qualified energy conservation bonds to promote energy conservation under the applicable provisions of ARRA; and

(iii) those incentives also include the issuance by the Authority of qualified energy conservation bonds for the purposes of financing qualifying projects to be financed with proceeds of qualified energy conservation bonds.

(c) Powers of Authority.

(i) In order to carry out the provisions of ARRA and further the purposes of this Section, the Authority has:

(A) the power to receive from any affected local government its sub-allocation that it voluntarily waives to the Authority, in whole or in part, for allocation by the Authority to a regional authority specifically designated by that affected local government, and the Authority shall reallocate that waived qualified energy conservation bond allocation to the regional authority specifically designated by that affected local government; provided that (1) the affected local government must take official action by resolution or ordinance, as applicable, to waive the sub-allocation to the Authority and specifically designate that its waived qualified energy

conservation bond allocation should be reallocated to a regional authority; (2) the regional authority must use the sub-allocation to issue qualified energy conservation bonds on or before August 16, 2010 and, if qualified energy conservation bonds are not issued on or before August 16, 2010, the sub-allocation shall be deemed waived to the Authority for reallocation by the Authority to qualifying projects; and (3) the proceeds of the qualified energy conservation bonds must be used for qualified projects within the jurisdiction of the applicable regional authority;

(B) at the Authority's sole discretion, the power to reallocate any sub-allocation deemed waived to the Authority pursuant to subsection (c)(i)(A)(2) back to the Regional Authority that had the sub-allocation;

(C) the power to enter into waiver agreements with affected local governments to provide for the reallocation, in whole or in part, of their sub-allocations, to receive waived qualified energy conservation bond allocations from those affected local governments, and to use those waived qualified energy conservation bond allocations, in whole or in part, to issue qualified energy conservation bonds of the Authority for qualifying projects or to reallocate those qualified energy conservation bond allocations, in whole or in part, to a county or municipality to

issue its own energy conservation bonds for qualifying projects; and

(D) the power to issue qualified energy conservation bonds for any project authorized to be financed with proceeds thereof under the applicable provisions of ARRA.

(ii) In addition to the powers set forth in item (i), the Authority shall be the sole recipient, on behalf of the State, of any waived qualified energy conservation bond allocations. Qualified energy conservation bond allocations can be reallocated to the Authority only by voluntary waiver as provided in this Section.

(iii) In addition to the powers set forth in items (i) and (ii), the Authority has any powers otherwise enjoyed by the Authority in connection with the issuance of its bonds if those powers are not in conflict with any provisions with respect to qualified energy conservation bonds set forth in ARRA.

(iv) The Authority has the power to adopt regulations providing for the implementation of any of the provisions contained in this Section, including the provisions regarding waiver agreements and reallocation of all or any portion of the allocation amount and sub-allocations and the issuance of qualified energy conservation bonds; except that those regulations shall not (1) provide any waiver or reallocation of an affected local government's

sub-allocation other than a voluntary waiver as described in subsection (c) or (2) be inconsistent with the provisions of subsection (c)(i). Regulations adopted by the Authority for determining reallocation of all or any portion of a waived qualified energy conservation allocation may include, but are not limited to, (1) the ability of the county or municipality to issue qualified energy conservation bonds by the end of a given calendar year, (2) the amount of jobs that will be retained or created, or both, by the qualifying project to be financed by qualified energy conservation bonds, and (3) the geographical proximity of the qualifying project to be financed by qualified energy conservation bonds to a municipality or county that reallocated its sub-allocation to the Authority.

(d) Established dates for notice.

Any affected local government or regional authority that has issued qualified energy conservation bonds on or before the effective date of this Section must report its issuance of qualified energy conservation bonds to the Authority within 30 days after the effective date of this Section. After the effective date of this Section, any affected local government or any regional authority must report its issuance of qualified energy conservation bonds to the Authority not less than 30 days after those bonds are issued.

(e) Reports to the General Assembly.

Starting 60 days after the effective date of this Section and ending when there is no longer any allocation amount, the Authority shall file a report before the 15th day of each month with the General Assembly detailing its implementation of this Section, including but not limited to the dollar amount of the allocation amount that has been reallocated by the Authority pursuant to this Section, the qualified energy conservation bonds issued in the State as of the date of the report, and descriptions of the qualifying projects financed by those qualified energy conservation bonds.

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