

*ILLINOIS ECONOMIC  
AND  
FISCAL COMMISSION*

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**ILLINOIS BOND  
REFERENCE**

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JANUARY, 1998  
703 STRATTON BUILDING  
SPRINGFIELD, ILLINOIS 62706

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***ILLINOIS ECONOMIC and FISCAL COMMISSION***

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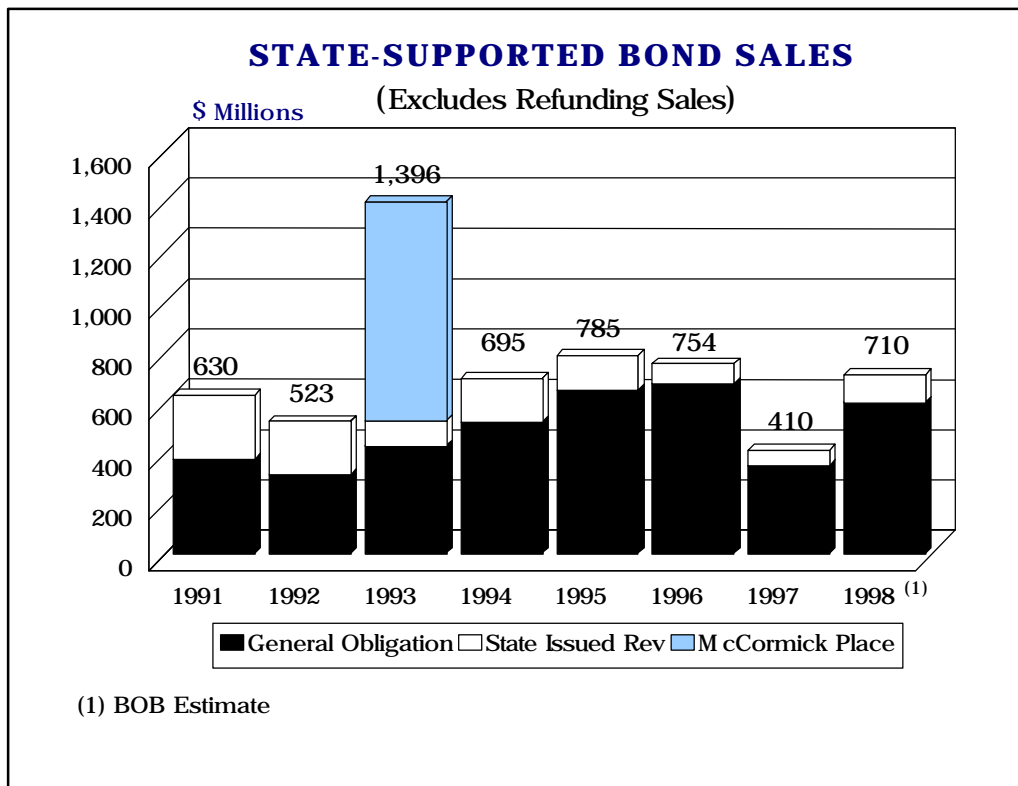
# INTRODUCTION

## TYPES OF DEBT

Illinois' debt falls into the two basic categories of general obligation debt and revenue debt. **General obligation debt** is backed by the full faith and credit of the State, while **revenue debt** is supported by specific sources such as dedicated tax revenues or lease payments. This guide further categorizes debt into the areas of State-supported and non State-supported. **State-supported debt** includes revenue debt issued by the State and local entities, and is supported by the pledge of state taxes or lease payments. **Non State-supported debt** includes “**moral obligation debt**” with debt service paid from revenues generated by the projects financed, but carrying an implied although non-binding State obligation; and “**no obligation debt**” with debt service the responsibility of the issuing entity and involving no State obligation. All of these types of bonds, which are issued to either finance projects or to refund previously-issued bonds, are described in the reference guide.

Chart 1 shows the level of State-supported bond sales for projects for the past eight fiscal years (FY), along with an estimate of the level for FY 1998. Chart 1 also indicates the level of State-issued revenue bonds and locally-issued revenue (McCormick Place) bonds.

Chart 1



Following the rise in new money bond sales that started with the Build Illinois initiative in FY 1986 and continuing with the McCormick Place expansion bonds issued in FY 1993, State-supported principal outstanding has leveled off, as shown in Chart 2.

Chart 2

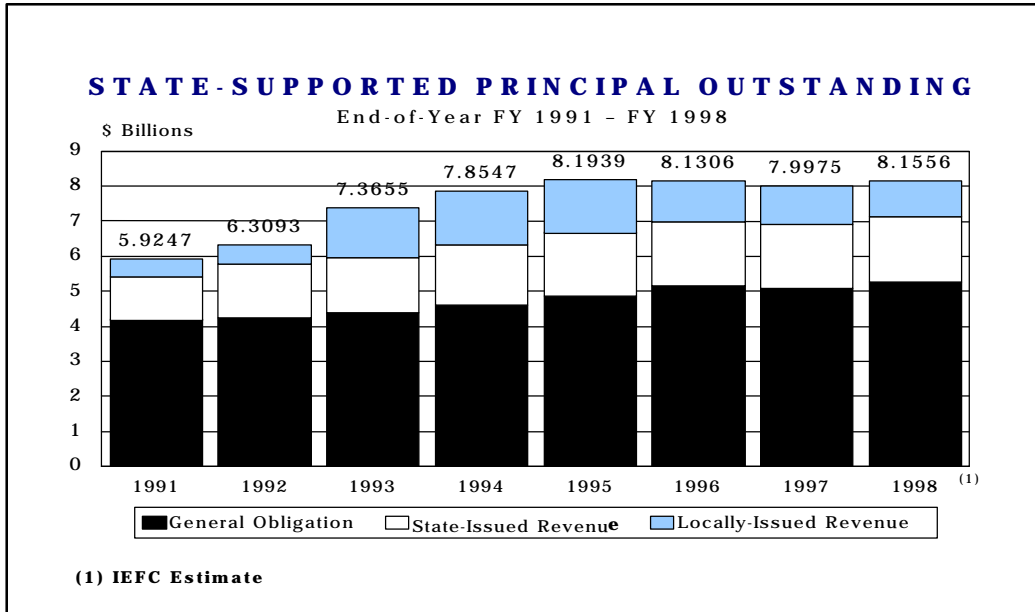
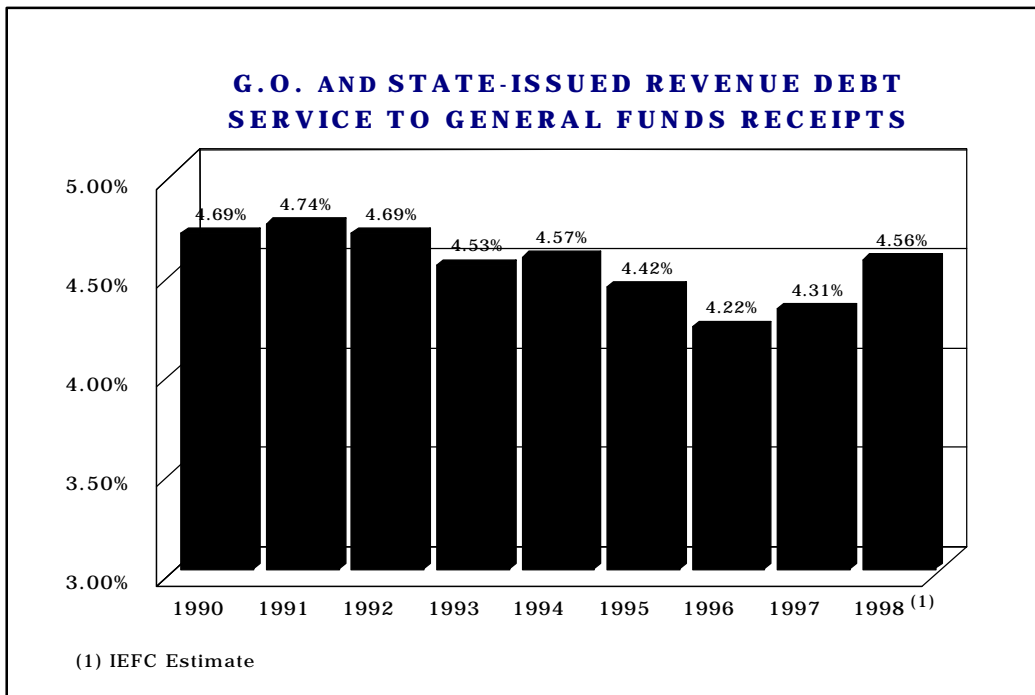


Chart 3 shows the amount of required State-supported debt service as compared to General Funds receipts in the last 9 fiscal years. As the chart indicates, debt service has remained below 4.6% of General Funds receipts in the last several fiscal years.

Chart 3



## GENERAL OBLIGATION BONDS

Prior to the adoption of the Illinois Constitution of 1970, State debt could be authorized only by action of the General Assembly with the approval of the voters (a majority of those voting for members of the General Assembly in that election). The 1970 constitution, in addition to public bond referenda, provided for debt authorization by a three-fifths vote of both houses of the General Assembly with concurrence by the governor. After December 4, 1984, all general obligations bonds were to be issued under the General Obligation Bond Act. General obligation bonds are **backed by the full faith and credit of the State**.

General obligation bonds are issued for the State's continuing **capital program**, which began in Fiscal Year (FY) 1971. General Obligation bonds are authorized by the following Acts:

- The **Anti-Pollution Bond Act** authorizes the sale of bonds for the planning, financing and construction of municipal sewage works and solid waste disposal facilities.
- The **Capital Development Bond Act** authorizes the sale of bonds to finance the construction of various State-owned or State-supported facilities.
- The **Coal Development Bond Act** authorizes the sale of bonds for capital expenditures related to the development of Illinois coal resources and for research and development of alternate energy sources.
- The **School Construction Bond Act** authorizes the sale of bonds to provide capital assistance grants to local school districts for construction of school buildings. Administration is shared by the State Board of Education and the Capital Development Board. The School Construction Bond Act also authorized payments to school districts for debt service on certain local school construction bonds. This program was discontinued in FY 1978, however, when bond counsel suggested that this might be an inappropriate use of bond funds.
- The **Transportation Bond Act** authorizes the sale of general obligation bonds for the construction and maintenance of State roads and bridges (Transportation "A" bonds) and for grants to local governments for mass transit and airport improvement projects (Transportation "B" bonds). Grants resulting from Transportation "B" bonds primarily help local governments meet matching fund requirements for federal grant programs. Grants for mass transit and airport improvements are administered by the Department of Transportation.

Since FY 1989, the State has issued **College Savings bonds**, which are sold as **zero-coupon bonds** to retail investors. Zero-coupon bonds are sold for less than the maturity value of \$5000, and do not have semi-annual interest payments. Instead, the value of the bond grows from the purchase price to a level of \$5000 at maturity, with maturities ranging from two to twenty-two years. In order to compensate for the uneven repayment schedule of College Savings Bonds, the State adjusts the structure for the next sale.

The Retirement Savings Act, effective January 1, 1990, provides for a specified amount of general obligation bond authorization to be designated as **Retirement Savings Bonds**, but does not increase the aggregate general obligation bond authorization of the State. These bonds are also zero-coupon bonds, which are sold for less than the maturity value and do not have semi-annual interest payments.

**Debt service** on general obligation bonds is generally supported by the State's general funds and the Road Fund, with two-thirds of the amount coming from general funds. Pursuant to the General Obligation Bond Act, bond retirement and interest funds for the anti-pollution, capital development, coal development, school construction and transportation bonds were transferred to and consolidated in the General Obligation Bond Retirement and Interest Fund.

These bonds are subject to the **Internal Revenue Code** as changed by the Tax Reform Act of 1986, which places restrictions on the tax-exempt status of bonds issued by state agencies that are for private use. The Act instituted a state-by-state volume limit on bond issuance. Industrial development bonds issued for non-manufacturing purposes are not tax-exempt. Bonds issued for government-owned and operated mass commuting, water, sewage, electric and gas facilities, local heating and cooling, and hazardous waste disposal are tax-exempt, but subject to the volume cap.

Each of the acts authorizing general obligation debt is described below, including the statutory citation, source of repayment, administrative expenses, and, where available, additional sources of information and resources for further information. The statutes are identified by the **Illinois Compiled Statutes (ILCS)** citations. Older, inactive or repealed statutes are in some cases identified by Illinois Revised Statutes (IRS) citations, which were used prior to the reorganization of the Statutes, effective January 1, 1993.

**Additional sources of information:**

*Bonded Indebtedness and Long Term Obligations: 1996 Annual Report*, Illinois Comptroller's Office, January 1997.

"Tax Exempt Bond Provisions," *Tax report: Federal Tax reform; a review of the Federal Tax reform compromise and its implication, for Illinois*, IEFC, October 1986, pp.24-28.



Chart 4 shows the level of general obligation sales for projects for the past eight fiscal years, including an estimate of the level for FY 1998. In FY 1998, total general obligation bond sales (excluding refunding sales) are expected to increase from the recent low of \$350 million in FY 1997.

Chart 4

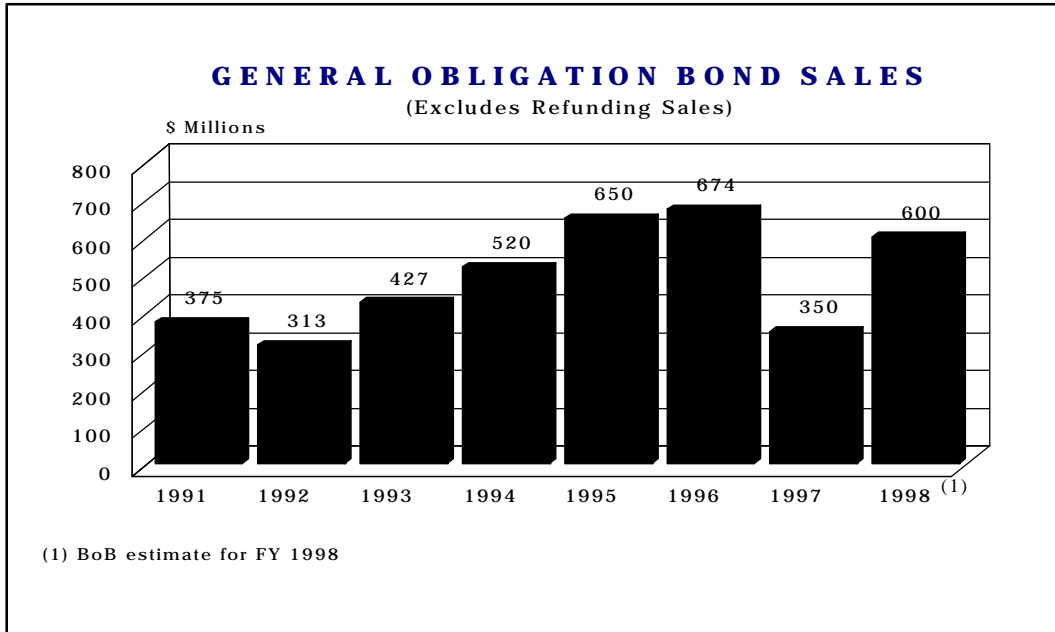
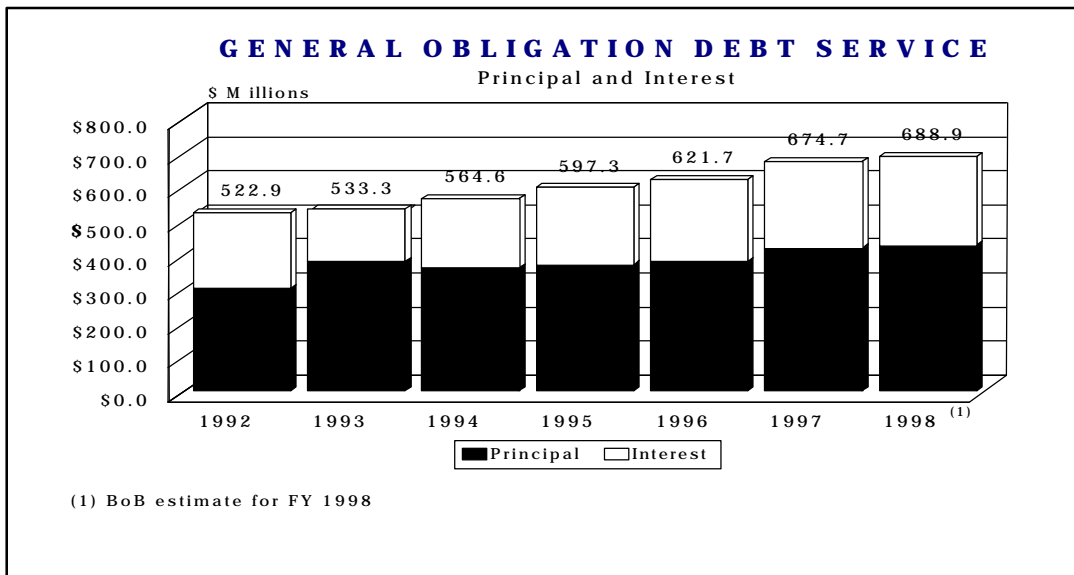


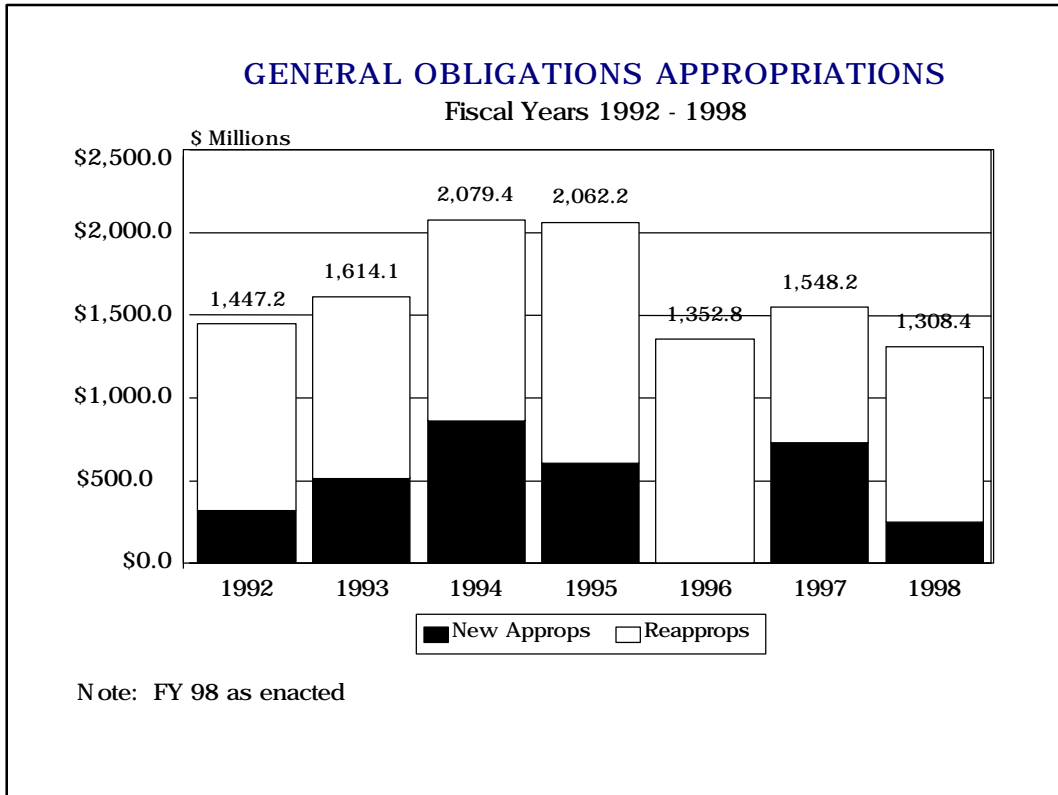
Chart 5 shows the amount of required general obligation debt service. Generally, two-thirds of these amounts are supported by the State's general funds, with the remainder paid from the Road Fund. As the chart indicates, the estimated FY 1998 debt service of \$688.9 million represents an increase of \$14.2 million, or 2.1%, over the FY 1997 level of \$674.7 million. This compares to a 8.5% rate of increase in FY 1997 and a five-year average annual increase of 5.8% (FY 1992-1997).

Chart 5



As shown in Chart 6, the FY 1998 total general obligation appropriation of \$1,308.4 million was down \$239.8 million from the FY 1997 level of \$1,548.2 million. The FY 1998 appropriations consisted of \$1,060.8 million in re-appropriations with only \$247.6 million in new appropriations. The FY 1998 new appropriation of \$247.6 million represented a 65.9% decrease from the FY 1997 level of \$726.1 million.

Chart 6



# ILLINOIS GENERAL OBLIGATION DEBT

## GENERAL OBLIGATION BOND ACT

30 ILCS 330

Public Act 83-1490, signed into law December 4, 1984, provides for the issuance of multi-purpose general obligation bonds to provide funds for the continuing of the programs established by the Anti-Pollution, Capital Development, Coal Development, School Construction, and Transportation Bond Acts and introduces separate authorization for bond refunding. Refunding bonds may be sold at the direction of the Governor with the proceeds used for the retirement at maturity or redemption of outstanding bonds. The General Obligation Bond Act was intended to reduce the costs associated with the issuance of debt, and supersedes the preceding acts. Authorization for bonds issued under the preceding acts was reduced to the total amount issued through December 4, 1984. In addition, College Savings Bonds and Retirement Savings Bonds are issued under the General Obligation Bond Act.

**Source of repayment:** By continuing appropriation from the General Obligation Bond Interest and Retirement Fund, which currently receives transfers from the General Revenue, Road, Wildlife and Fish, Park Conservation, Leaking Under Ground Storage Tank Fund, and Fire Prevention Fund.

**Administrative expenses:** Appropriation from the Capital Development Fund to the Bureau of the Budget.

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## **ANTI-POLLUTION BONDS**

30 ILCS 405  
30 ILCS 330/6

Since December 4, 1984, bonds for the purpose of planning, financing and construction of municipal sewage works and solid waste disposal facilities have been issued under the General Obligation Bond Act.

## **CAPITAL DEVELOPMENT BONDS**

30 ILCS 420  
30 ILCS 330/3

Since December 4, 1984, bonds for the purpose of financing the construction of State-owned or State-supported facilities have been issued under the General Obligation Bond Act.

## **COAL DEVELOPMENT BONDS**

20 ILCS 1110  
30 ILCS 330/7

Since December 4, 1984, bonds for the purpose of developing Illinois coal resources and alternate energy sources have been issued under the General Obligation Bond Act.

## **SCHOOL CONSTRUCTION BONDS**

30 ILCS 390  
30 ILCS 330/5

Since December 4, 1984, bonds for the purpose of providing capital assistance grants to local school districts for construction of school buildings have been issued under the General Obligation Bond Act.

## **TRANSPORTATION BONDS, SERIES A**

30 ILCS 415  
30 ILCS 330/4 (a)

Since December 4, 1984, bonds for the purpose of construction and maintenance of state roads and bridges have been issued under the General Obligation Bond Act.

## **TRANSPORTATION BONDS, SERIES B**

30 ILCS 415  
30 ILCS 330/4 (b) (c)

Since December 4, 1984, bonds for the purpose of grants to local government for mass transit and airport improvement projects have been issued under the General Obligation Bond Act.

## **COLLEGE SAVINGS BONDS**

110 ILCS 920

College Savings Bonds authorized under the Baccalaureate Savings Act, effective December 2, 1987, are issued under the General Obligation Bond Act. College Savings Bonds are zero-coupon bonds that are free from most State taxes.

## **RETIREMENT SAVINGS BONDS**

30 ILCS 430

Bonds issued for the purposes of the Retirement Savings Act, which became effective January 1, 1990, may be sold in such a manner as determined by the Governor and the director of the Bureau of the Budget.

Retirement Savings Bonds are zero-coupon bonds that are federally tax-exempt.

**ILLINOIS GENERAL OBLIGATION BOND SALES by PURPOSE**

(\$ in millions)

<b>FY</b>	<b>Issue Date</b>	<b>Anti-Pollution</b>	<b>Capital Dvlpmnt.</b>	<b>Coal Dvlpmnt.</b>	<b>School Constr.</b>	<b>Trans. "A"</b>	<b>Trans. "B"</b>	<b>Total Sale \$Millions</b>
62	10/1/61	-	-	-	-	-	-	\$100.0a
	6/1/62	-	-	-	-	-	-	95.0a
63	4/1/63	-	-	-	-	-	-	150.0a
71	6/1/71	\$100.0	-	-	-	-	-	100.0
72	12/1/71	-	-	-	-	\$50.0	\$100.0	150.0
73	8/1/72	-	\$100.0	-	-	-	-	100.0
	3/1/73	-	100.0	-	-	20.0	30.0	150.0
74	9/1/73	-	100.0	-	-	-	-	100.0
	5/1/74	-	-	-	\$35.0	75.0	-	110.0
75	3/1/75	50.0	50.0	-	30.0	-	20.0	150.0
76	8/1/75	-	50.0	-	-	100.0	-	150.0
	2/1/76	40.0	50.0	-	-	60.0	-	150.0
	5/1/76	-	50.0	-	30.0	70.0	-	150.0
77	9/1/76	-	50.0	-	-	75.0	-	125.0
	1/1/77	40.0	40.0	-	35.0	35.0	-	150.0
	3/1/77	25.0	15.0	-	20.0	35.0	15.0	110.0
	6/1/77	35.0	25.0	-	25.0	45.0	20.0	150.0
78	11/1/77	35.0	50.0	-	35.0	30.0	-	150.0
	2/1/78	-	25.0	\$5.0	25.0	30.0	20.0	105.0
	6/1/78	15.0	50.0	-	20.0	55.0	10.0	150.0
79	12/1/78	20.0	20.0	-	20.0	50.0	30.0	140.0
	3/1/79	50.0	60.0	-	-	40.0	-	150.0
	6/1/79	-	50.0	-	-	50.0	-	100.0
80	1/1/80	20.0	70.0	-	-	55.0	5.0	150.0
	5/1/80	5.0	70.0	-	20.0	35.0	20.0	150.0
81	10/1/80	20.0	70.0	-	15.0	30.0	15.0	150.0
	3/1/81	-	50.0	10.0	-	30.0	-	90.0
	6/1/81	10.0	45.0	-	10.0	75.0	10.0	150.0
82	11/1/81	10.0	60.0	-	10.0	20.0	-	100.0
	3/1/82	10.0	50.0	-	-	30.0	10.0	100.0

**ILLINOIS GENERAL OBLIGATION BOND SALES by PURPOSE (cont.)**

(\$ in millions)

<b>EY</b>	<b>Issue Date</b>	<b>Anti-Pollution</b>	<b>Capital Dvlpmnt.</b>	<b>Coal Dvlpmnt.</b>	<b>School Constr.</b>	<b>Trans. "A"</b>	<b>Trans. "B"</b>	<b>Total Sale \$ Millions</b>
83	7/1/82	\$10.0	\$60.0	\$10.0	-	\$50.0	\$20.0	\$150.0
	11/1/82	30.0	75.0	-	-	35.0	10.0	150.0
	4/1/83	15.0	39.0	-	-	24.0	12.0	90.0
84	8/1/83	17.0	65.0	-	-	47.0	21.0	150.0
	12/1/83	10.0	60.0	-	-	30.0	20.0	120.0
	4/1/84	12.0	63.0	-	-	5.0	10.0	90.0
85	9/1/84	20.0	75.0	10.0	-	40.0	5.0	150.0
	1/1/85	-	55.0	-	-	25.0	20.0	100.0
	6/1/85	20.0	60.0	-	-	20.0	-	100.0
86	9/1/85	10.0	60.0	-	-	50.0	30.0	150.0
	2/1/86	-	50.0	5.0	-	40.0	5.0	100.0
	4/1/86	-	-	-	-	-	-	200.0b
	6/1/86	20.0	75.0	10.0	-	50.0	35.0	190.0
87	12/1/86	12.0	58.0	-	-	35.0	15.0	120.0
	4/1/87	-	-	-	-	-	-	250.0b
	6/1/87	20.0	48.0	2.0	\$2.0	40.0	8.0	120.0
88	10/1/87	13.0	62.0	-	1.0	10.0	14.0	100.0
	2/1/88	7.0	52.0	1.0	1.0	30.0	2.0	93.0c
	6/1/88	14.0	85.0	1.0	3.0	33.0	11.0	147.0
89	10/1/88	10.0	120.0	5.0	7.0	48.0	35.0	225.0c
	4/1/89	3.6	78.2	-	2.2	16.0	15.0	115.0
90	8/1/89	-	-	-	-	-	-	100.0b
	11/7/89	5.0	142.0	-	6.0	50.0	47.0	250.0c
	6/1/90	0.2	27.4	-	-	60.0	2.5	90.0
91	11/1/90	-	137.0	-	-	65.0	48.0	250.0c
	6/1/91	2.6	48.2	1.0	3.0	51.0	19.2	125.0
92	9/13/91	2.0	100.0	7.0	4.0	47.0	50.0	210.0c
	4/1/92	2.0	38.0	3.0	4.0	40.0	16.0	400.0d
93	9/3/92	0.5	23.4	0.9	0.3	75.0	26.3	250.0d, e
	10/15/92	0.5	85.1	1.0	0.3	35.0	14.0	250.0c,d, e
	4/13/93	2.0	25.5	-	2.5	110.0	25.0	165.0e
	6/17/93	-	-	-	-	-	-	250.0b

**ILLINOIS GENERAL OBLIGATION BOND SALES by PURPOSE (cont.)**

(\$ in millions)

<b>EY</b>	<b>Issue Date</b>	<b>Anti-Pollution</b>	<b>Capital Dvlpmnt</b>	<b>Coal Dvlpmnt</b>	<b>School Constr.</b>	<b>Trans. "A"</b>	<b>Trans. "B"</b>	<b>Total Sale \$ Millions</b>
94	8/17/93	\$2.0	\$136.5	-	\$2.0	\$25.6	\$8.9	\$175.0 <sup>e</sup>
	10/28/93	16.3	64.1	\$1.0	0.2	60.0	28.4	169.9 <sup>c,e</sup>
	2/9/94	-	-	-	-	-	-	250.0 <sup>b</sup>
	3/31/94	10.0	55.0	-	-	95.0	15.0	175.0
95	8/1/94	39.8	70.0	2.0	-	138.2	50.0	300.0
	10/27/94	17.0	121.8	1.0	-	25.0	45.0	209.8 <sup>c</sup>
	2/1/95	4.4	83.8	-	-	41.8	10.0	140.0
96	7/1/95	7.6	145.0	5.2	-	80.0	62.2	300.0
	12/1/95	-	147.0	-	3.0	-	49.0	500.0 <sup>d</sup>
	5/1/96	1.0	118.0	3.0	2.0	22.0	29.0	175.0
97	9/4/96	-	124.0	2.5	3.5	-	55.0	185.0
	2/13/97	-	116.7	-	8.3	-	40.0	250.0 <sup>d</sup>
98	7/22/97	30.0	55.0	-	-	-	15.0	100.0
	10/27/97	-	146.3	-	-	-	22.0	168.3 <sup>c</sup>

- a For public welfare and university
- b Refunding
- c College savings
- d Includes partial refunding
- e Transportation A and B figures are estimates



**ILLINOIS GENERAL OBLIGATION BOND SALES**  
by **INTEREST RATES**

<u>EY</u>	<u>Issue Date</u>	<u>Purpose</u>	<u>Sale \$ Millions</u>	<u>True Interest Cost %</u>	<u>Competitive or Negotiated</u>	<u>Bidder or Lead Manager</u>
71	6/1/71	Projects	\$100.0	4.93%		Northern Trust
72	12/1/71	Projects	150.0	4.63%		Continental Bank
73	8/1/72	Projects	100.0	4.77%		M organ Guaranty
	3/1/73	Projects	150.0	4.76%		Chase M anhattan
74	9/1/73	Projects	100.0	5.26%		Northern Trust
	5/1/74	Projects	110.0	5.23%		Continental Bank
75	3/1/75	Projects	150.0	5.20%		M organ Guaranty
76	8/1/75	Projects	150.0	5.96%		Chase M anhattan
	2/1/76	Projects	150.0	5.43%		Salomon Brothers
	5/1/76	Projects	150.0	5.63%		Continental Bank
77	9/1/76	Projects	125.0	5.23%		First National
	1/1/77	Projects	150.0	4.97%		Chase M anhattan
	3/1/77	Projects	110.0	5.13%		Northern Trust
	6/1/77	Projects	150.0	4.80%		Continental Bank
78	11/1/77	Projects	150.0	5.10%		First National
	2/1/78	Projects	105.0	5.05%		Salomon Brothers
	6/1/78	Projects	150.0	5.51%		Northern Trust
79	12/1/78	Projects	140.0	5.49%		Salomon Brothers
	3/1/79	Projects	150.0	5.79%		M organ Guaranty
	6/1/79	Projects	100.0	5.66%		Salomon Brothers
80	1/1/80	Projects	150.0	6.61%	Competitive	M organ Guaranty
	5/1/80	Projects	150.0	7.12%	Competitive	Salomon Brothers
81	10/1/80	Projects	150.0	8.23%	Competitive	M organ Guaranty
	3/1/81	Projects	90.0	9.29%	Competitive	Harris Trust
	6/1/81	Projects	150.0	9.64%	Competitive	M organ Guaranty
82	11/1/81	Projects	100.0	11.56%	Competitive	Continental Bank
	3/1/82	Projects	100.0	9.78%	Competitive	First National

**ILLINOIS GENERAL OBLIGATION BOND SALES**  
by **INTEREST RATES (cont.)**

<u>EY</u>	<u>Issue Date</u>	<u>Purpose</u>	<u>Sale \$ Millions</u>	<u>True Interest Cost %</u>	<u>Competitive or Negotiated</u>	<u>Bidder or Lead Manager</u>
83	7/1/82	Projects	\$150.0	11.34%	Competitive	Chase M anhattan
	11/1/82	Projects	150.0	9.29%	Competitive	First National
	4/1/83	Projects	90.0	8.36%	Competitive	Chase M anhattan
84	8/1/83	Projects	150.0	8.76%	Competitive	Citibank
	12/1/83	Projects	120.0	8.85%	Competitive	M organ Guaranty
	4/1/84	Projects	90.0	9.19%	Competitive	Citibank
85	9/1/84	Projects	150.0	9.11%	Competitive	M errill Lynch
	1/1/85	Projects	100.0	8.94%	Competitive	Citicorp
	6/1/85	Projects	100.0	8.22%	Competitive	M errill Lynch
86	9/1/85	Projects	150.0	8.76%	Competitive	First Boston Corp.
	2/1/86	Projects	100.0	7.61%	Competitive	First National
	4/1/86	Refunding	199.9	7.15%	Competitive	Continental Bank
	6/1/86	Projects	190.0	7.49%	Competitive	First Boston Corp.
87	12/1/86	Projects	120.0	6.23%	Competitive	First National
	4/1/87	Refunding	250.0	6.76%	Competitive	Continental Bank
	6/1/87	Projects	120.0	7.39%	Competitive	Citicorp
88	10/1/87	Projects	100.0	7.83%	Competitive	Shearson, Lehman
	2/1/88	College Savings	93.0	7.35%	Negotiated	First National
	6/1/88	Projects	147.0	7.26%	Competitive	First National
89	10/1/88	College Savings	225.0	7.35%	Negotiated	First National
	4/1/89	Projects	115.0	7.38%	Competitive	First Boston Corp.
90	8/1/89	Refunding	100.0	6.51%	Competitive	Shearson, Lehman
	11/7/89	College Savings	250.0	6.93%	Negotiated	First Chicago Capital
	6/1/90	Projects	90.0	6.63%	Competitive	Prudential-Bache
91	11/1/90	College Savings	250.0	7.04%	Negotiated	Shearson, Lehman
	6/1/91	Projects	125.0	6.41%	Competitive	B.T. Securities Corp.
92	9/13/91	Projects	209.8	6.27%	Negotiated	First Chicago Capital
	4/1/92	Projects	400.0	6.07%	Competitive	M errill Lynch
93	9/3/92	Projects/Refund.	250.0	5.91%	Competitive	J.P. Morgan
	10/15/92	College/Refund.	250.0	5.94%	Negotiated	M errill Lynch
	4/13/93	Projects	165.0	5.57%	Competitive	Prudential Securities
	6/17/93	Refunding	250.0	4.89%	Competitive	First Boston Corp.

**ILLINOIS GENERAL OBLIGATION BOND SALES**  
**by INTEREST RATES (cont.)**

<u>EY</u>	<u>Issue Date</u>	<u>Purpose</u>	<u>Sale \$ Millions</u>	<u>True Interest Cost %</u>	<u>Competitive or Negotiated</u>	<u>Bidder or Lead Manager</u>
94	8/17/93	Projects	\$175.0	5.35%	Competitive	Merrill Lynch
	10/28/93	College Savings	170.0	4.94%	Negotiated	Prudential Securities
	2/9/94	Refunding	250.0	4.60%	Competitive	Merrill Lynch
	3/31/94	Projects	175.0	5.70%	Competitive	Morgan Stanley
95	8/1/94	Projects	300.0	5.85%	Competitive	J.P. Morgan
	10/27/94	College Savings	209.8	5.98%	Negotiated	First Chicago Capital
	2/1/95	Projects	140.0	5.96%	Competitive	First Boston Corp.
96	7/1/95	Projects	300.0	5.59%	Competitive	Merrill Lynch
	12/1/95	Projects/Refund.	500.0	5.24%	Competitive	J.P. Morgan
	5/1/96	Projects	175.0	5.71%	Competitive	Bear, Stearns & Co.
97	9/4/96	Projects	185.0	5.59%	Competitive	Morgan Stanley
	2/13/97	Projects/Refund.	250.0	5.23%	Competitive	J.P. Morgan
98	7/22/97	Projects	100.0	5.10%	Competitive	First Chicago Capital
	10/27/97	College Savings	168.3	5.08%	Negotiated	First Chicago Capital

## REVENUE BONDS

Illinois revenue bonds provide tax-exempt financing for capital expenditures by both public and private organizations that are judged to serve public purposes. Unlike general obligation bonds, **they are not secured by the full faith and credit of the State**. Instead, revenue bonds dedicate a **specific revenue source** for the debt service of those bonds.

There are three categories of Illinois revenue bonds: **“State-supported”** bonds, with debt service paid through State appropriations; **“moral obligation”** bonds, with debt service paid from revenues generated by the projects financed, but carrying an implied although nonbinding State obligation; and **“no obligation”** bonds (also known as “conduit debt”), with debt service the responsibility of the issuing entity and involving no State obligation.

These bonds also are subject to the Internal Revenue Code as changed by the **Tax Reform Act of 1986**, which placed restrictions on the tax-exempt status of bonds issued by state agencies that are for private use. A description of the provisions appears in the discussion of General Obligations Bonds (page 3).

These revisions resulting from the Tax Reform Act of 1986 affected many Illinois agencies. For example, most of the bonds issued by the Illinois Farm Development Authority became taxable under the Act and several types of bonds issued by the Illinois Development Finance Authority also lost their tax-exempt status. In addition, various agencies also became subject to **volume caps**.

As shown in Chart 7, sales of State-issued revenue bonds have trended downward since FY 1991. These are primarily Build Illinois bonds, although in FY 1992 the State issued \$75 million in civic center bonds. These sales do not include the \$868.8 million of locally-issued McCormick place bonds issued in FY 1993.

Chart 7

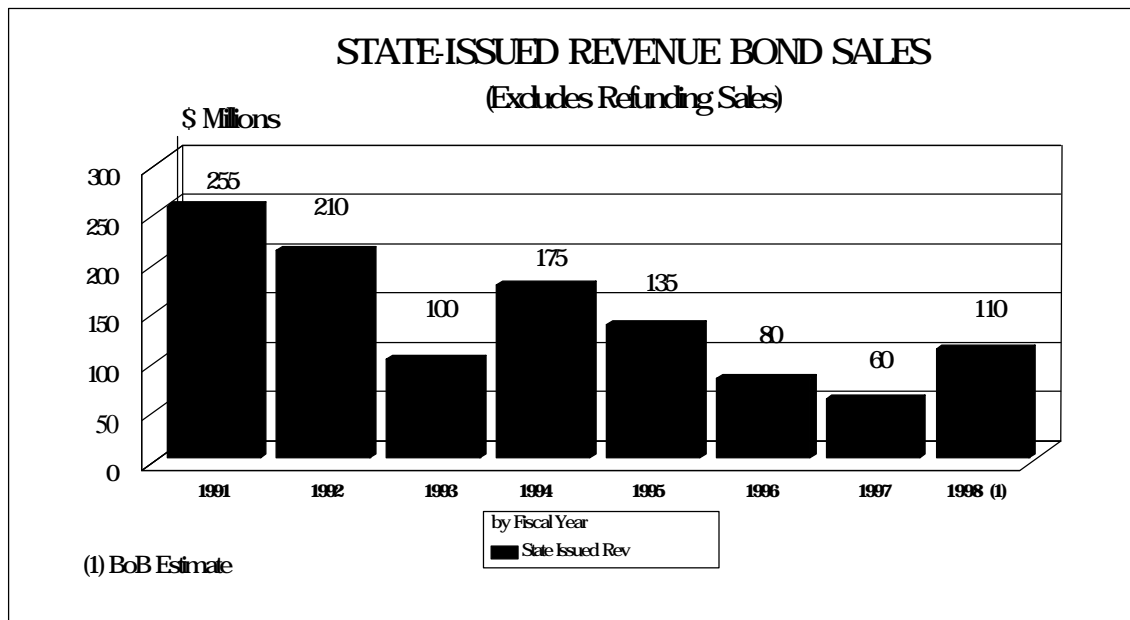
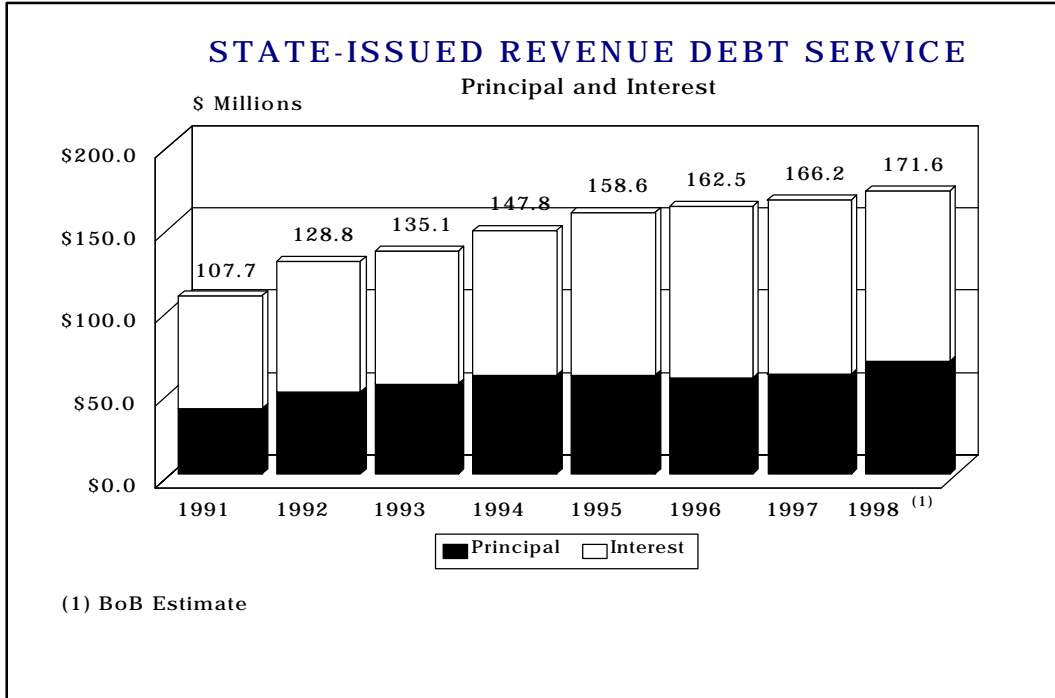


Chart 8 shows the amount of required State-issued revenue debt service. The percentage increase in annual debt service costs for State-issued revenue bonds has slowed significantly since FY 1991. In FY 1998, total debt service is estimated to cost \$171.6 million, including \$68.5 million in principal and \$103.1 million in interest.

Chart 8



Each of the agencies issuing revenue bonds are described below, including the statutory citation, source of repayment, administrative expenses, additional sources of information and resources for further information. The bonding authorities are separated into the categories of State-supported, moral obligation, and no obligation debt.

**Additional sources of information:**

*Bonded Indebtedness and Long Term Obligations: 1996 Annual Report, Illinois Comptroller's Office, January 1997.*

## STATE-SUPPORTED DEBT

### BUILD ILLINOIS

State debt

20 ILCS 425 and 750

Created July 25, 1985 by Public Acts 84-109 and 84-111, the Build Illinois Bond Act provides for the issuance of State of Illinois revenue bonds for capital expenditures to “**foster business development** and (for) the **modernization of infrastructure.**” Examples of Build Illinois projects include wastewater grants, science and technology initiatives, and the renovation of Navy Pier in Chicago. While the bonds are not backed by the full faith and credit of the State, they are secured by first lien on sales tax revenues. Although some Build Illinois projects could be eligible under the General Obligation Bond Act, this means of issuance allows more executive discretion. The Build Illinois program was initially authorized to issue \$1.3 billion of debt; the amount of authorization has been adjusted several times since then. As of January 1998, a total of \$2.04 billion was authorized for the issuance of Build Illinois Bonds.

**Source of repayment:** Sales tax revenues. Nominally, these bonds are supported by the pledge of 3.8% of State sales tax receipts, or the Annual Specified Amount of the Act and Indenture, or 150% of the Required Bond Transfer. The sales tax receipts are deposited directly into the Build Illinois Fund. Since 1990, the Build Illinois Fund has also received monthly transfers from the State and Local Sales Tax Reform Fund to help pay debt service on Build Illinois Bonds. The Build Illinois Fund is to receive \$3.15 million in monthly transfers between FY 1994 and 2025.

State sales tax revenues are also dedicated to the payment of debt service on Metropolitan Pier and Exposition Authority bonds and related bond issues, commonly called “McCormick Place bonds.” While McCormick Place bondholders have first claim on the revenues to support the McCormick Place bonds, any residual amounts may be used to meet the monthly transfer amount for the Build Illinois bonds.

**Administrative expenses:** Appropriation to the Bureau of the Budget.

**Resources:** Bureau of the Budget  
603 Stratton Bldg.  
Springfield, IL 62706  
(217) 782-3500  
Fax: (217) 524-4876

<b>Contacts</b>	<b>Phone</b>	<b>E-mail</b>
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**Additional Sources of Information:**

“The Build Illinois Program,” *Monthly Fiscal Report*, Illinois Comptroller’s Office,  
May/June 1992.

“Build Illinois: A Decade Later,” *Fiscal Focus*, Illinois Comptroller’s Office,  
November 1995.

## CERTIFICATES OF PARTICIPATION

State debt

20 ILCS 405/67

30 ILCS 105/9

Certificates of Participation represent **the right to receive a proportionate share in lease-purchase or installment purchase** to be made for the acquisition or improvement of real or personal property, refinancing or payment of expenses related to the issuance. As of June 9, 1988, the Department of Central Management Services was authorized to issue certificates of participation (COPs) **to finance the acquisition or improvement of real or personal property** for use by State agencies. Since May 31, 1989, COPs for real property have been authorized to be issued through the Bureau of the Budget.

**COPs do not constitute or create debt of the State**, nor a contractual obligation in excess of the amounts appropriated. The State has no continuing obligation to appropriate money for payments or other obligations due under the lease-purchase or installment purchase contracts, provided that the Governor includes in the annual budget request for each relevant fiscal year, appropriations sufficient to permit payment of all amounts which will be due and payable during the fiscal year. If the appropriation is not made, the State agency must attempt to obtain the necessary funding or the contract is cancelled, the property is forfeited and the property either reverts to the seller or proceeds from the sale of the property are used to pay the certificates.

Pursuant to 30 ILCS 105/9, the State is authorized to issue \$125 million of COPs for the purchase of real property. The State has issued two series of COPs under that authorization to finance the construction of correctional facilities.

Passed in the 1997 spring legislative session, P.A. 90-520 stipulates that lease agreements or installment purchase agreements must meet criteria for economy and be reported annually to the Bureau of the Budget and to the General Assembly. Nonconforming agreements must be reported, before issuance, to the General Assembly, which may disapprove them. The sale of COPs is restricted and must be reported, before issuance, to the Bureau of the Budget, the Auditor General, the Economic and Fiscal Commission, and legislative leaders.

**Source of repayment:** General Revenue or other funds for personal property; for real property from the Facilities Management Revolving Fund (after May 31, 1989), which is funded by the sale of COPs and rental fees from State agencies utilizing buildings acquired or opened for use after May 31, 1989.

P.A. 90-520 allows the State to issue general obligation bonds to refund the COPs issued under ILCS 105/9, or to finance or refinance other State installment purchases or lease purchase contracts.

**Administrative expenses:** Central Management Services or the Bureau of the Budget.

**Resources:** Bureau of the Budget  
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(217) 782-3500  
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**Additional Sources of Information:**

*State's Use of Certificates of Participation: A Special Report.* IEFEC, May 1997.

## **CIVIC CENTERS – AUTHORIZATION**

Local debt, State debt

70 ILCS 345	Springfield	August 9, 1965
70 ILCS 205	Metropolitan Civic Center Act	October 7, 1969
70 ILCS 340	Rockford	October 7, 1969
70 ILCS 225	Aurora	July 1, 1974
70 ILCS 315	Peoria	July 1, 1974
70 ILCS 265	Decatur and Vermilion County	October 1, 1975
70 ILCS 290	Lake and Will Counties	September 22, 1977
70 ILCS 235	Bloomington	September 15, 1978
70 ILCS 285	Illinois-Michigan Canal	November 14, 1984
70 ILCS 280/1	Herrin and Jefferson County	November 10, 1984
70 ILCS 280/2	Quincy	November 10, 1983
70 ILCS 250	Collinsville	January 1, 1985
70 ILCS 320/1	Quad Cities	September 16, 1984
70 ILCS 320/2	Pekin	September 16, 1984
70 ILCS 330	River Forest	September 17, 1984
70 ILCS 270/1	DuPage County	September 17, 1984
70 ILCS 270/2	Sterling	September 17, 1984
70 ILCS 270/3	Elgin	September 17, 1984
70 ILCS 270/4	Orland Park	September 17, 1984
70 ILCS 270/5	Centre East	September 17, 1984
70 ILCS 270/6	Schaumburg (International)	September 17, 1984
70 ILCS 220/1	Aledo	September 3, 1985
70 ILCS 220/2	Normal	September 3, 1985
70 ILCS 220/3	Mason County	September 3, 1985
70 ILCS 220/4	Jasper County	September 3, 1985
70 ILCS 220/5	Brownstown Park District	September 3, 1985
70 ILCS 220/6	Jo Daviess County	September 3, 1985
70 ILCS 220/7	Milford	September 3, 1985
70 ILCS 220/8	Sheldon	September 3, 1985
70 ILCS 220/9	Katherine Dunham (E. St. Louis)	September 3, 1985
70 ILCS 22010	Oak Park	September 3, 1985
70 ILCS 350	West Frankfort	July 2, 1987
70 ILCS 305/1	Marengo	January 1, 1988
70 ILCS 305/2	Crystal Lake	January 1, 1988
70 ILCS 305/3	Bowdre Township	January 1, 1988
70 ILCS 230	Benton	January 1, 1989
70 ILCS 325/1	Randolph County	September 11, 1989
70 ILCS 325/2	Carbondale	September 11, 1989
70 ILCS 325/3	Riverside	September 11, 1989
70 ILCS 325/4	Matteson	September 11, 1989
70 ILCS 325/5	Ottawa	September 11, 1989
70 ILCS 325/6	Illinois Valley	September 11, 1989
70 ILCS 325/7	Waukegan	September 11, 1989
70 ILCS 325/8	Pontiac	September 11, 1989
70 ILCS 245/1	Chicago South (Harvey)	January 1, 1990

70 ILCS 245/2	Melrose Park	January 1, 1990
70 ILCS 310/	Maywood	January 1, 1990
70 ILCS 335	Salem	January 9, 1990
70 ILCS 240	Cavein Rock Township	September 11, 1990
70 ILCS 225	Aurora	September 11, 1990
70 ILCS 255	Columbia	September 11, 1990
70 ILCS 275	Forest Park	September 11, 1990
70 ILCS 260	Boone County	September 3, 1991
70 ILCS 300	Leyden Township	January 1, 1992

### **CIVIC CENTERS – AUTHORIZATION REPEALED**

IRS Ch. 85, par. 1501	Metro-East	REPEALED, August 28, 1979
IRS Ch. 85, par. 4001	Quad Cities	REPEALED, February 4, 1985
IRS Ch. 85, par. 4101	Collinsville	REPEALED, August 30, 1988
IRS Ch. 85, par. 4201	Pekin	REPEALED, February 4, 1985
IRS Ch. 85, par. 6901-1	Randolph County	REPEALED, January 1, 1990
IRS Ch. 85, par. 6902-1	Carbondale	REPEALED, January 1, 1990

The above statutes created civic center authorities. Prior to FY 1985 legislation, authorities certified by the Department of Commerce and Community Affairs (DCCA) qualified for State support payments on debt service costs for local bonds under the Metropolitan Civic Center Support Act—up to the lesser of \$20 million or .031 times their 1975 assessed valuation. The authorities were required to provide 25% of the capital costs. Beginning in FY 1986, the program required that the bonds be issued by the State (DCCA) with funds appropriated to the civic centers; that 1983 EAV be substituted if greater than 1975 EAV; and that the local share include cash pledges equal to 10% of the total costs. Beginning in FY 1990, bonds have been issued by the Bureau of the Budget.

In 1997, P.A. 90-0328 consolidated the various civic center authority acts into a single code. The Act did not change the authorization of the various authorities or make any other substantive changes.

**Source of repayment:** Appropriation to DCCA from the Civic Center Bond Retirement and Interest Fund, which receives transfers from the Metropolitan Exposition and Auditorium Office Building Fund.

**Administrative expenses:** Appropriation to DCCA.

**Additional sources of information:** *Illinois Civic Center Study*, DCCA.

**Resources:** Bureau of the Budget  
603 Stratton Bldg.  
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Joe Mason, Senior Analyst	782-1553	jmason@bob084r1.state.il.us

Department of Commerce and Community Affairs  
620 E. Adams, 5B  
Springfield, IL 62701  
(217) 785-6168  
Fax: (217) 785-6328  
[www.commerce.il.us](http://www.commerce.il.us)

<b>Contact</b>	<b>Phone</b>	<b>Fax</b>
Cathy Hauger, Assistant to the Deputy Director, Bureau of Community Development	(217) 524-8029	(217) 782-1206
Willis Oller, Division Manager	(217) 785-6446	

## **CIVIC CENTERS – METROPOLITAN CIVIC CENTER SUPPORT ACT**

Local debt, State revenue debt

30 ILCS 355

Established July 1, 1970 and amended in 1976, this Act provided for State payment of debt service and local (authority, city, or county) general obligation or revenue bonds issued to **finance construction of civic centers** authorized under a variety of acts. To be eligible, civic center authorities must be certified by the Department of Commerce and Community Affairs (DCCA). Amendments to the Act specifically mention the Village of Rosemont's O'Hare Exposition Authority and River Forest among those eligible for support under this Act. Since FY 1986, all State-supported civic center bonds have been issued by the State with funds appropriated to the authorities.

**Source of repayment:** Appropriation to the Department of Commerce and Community Affairs from the Civic Center Bond Retirement and the Interest Fund, which receives transfers from the Metropolitan Exposition, Auditorium and Office Building Fund.

**Administrative expenses:** Appropriation to DCCA.

**Additional sources of information:** *Illinois Civic Center Study*, DCCA

**Resources:** Department of Commerce and Community Affairs  
620 E. Adams, 5B  
Springfield, IL 62701  
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[www.commerce.il.us](http://www.commerce.il.us)

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Willis Oller, Division Manager	(217) 785-6446	

## **COLLINSVILLE, ILLINOIS**

State debt

20 ILCS 405/67

State Leased Facilities Revenue Bonds were issued by the City of Collinsville in FY 1986. The bonds were used to construct an office building in Collinsville now occupied by the Illinois departments of Central Management Services (CMS), Transportation (IDOT), and the State Police. CMS entered into an agreement with Collinsville in which the city agreed to construct the office building and CMS agreed to make lease payments through annual appropriations from the Illinois General Assembly. Retirement of the bonds will be through State lease payments ending in FY 2006 at which time the facility becomes the property of the State. In July 1995, the City of Collinsville issued \$9.85 million in bonds to advance refund \$9.15 million of outstanding March 1987 series bonds.

**Source of payment:** Appropriation from the General Revenue Fund and the Road Fund.

**Program expense:** None.

**Resources:** City of Collinsville  
Finance Department  
125 S. Center  
Collinsville, IL 62234  
(618) 344-5200  
Fax: (618) 346-1662

**Contact**  
Mary Ann White, Acting Treasurer

**Phone**  
(618) 346-5200, ext. 127

## **ILLINOIS SPORTS FACILITIES AUTHORITY**

Local debt, partially State-supported

70 ILCS 3205

Effective July 1, 1987, P.A. 84-1470 created the Illinois Sports Facilities Authority (ISFA) for the purpose of issuing bonds to finance a new White Sox baseball stadium in the City of Chicago. An amendment, effective July 1, 1987, made the authority a unit of local rather than State government. Construction began on the new Comiskey Park in May 1989; the stadium opened on April 18, 1991.

**Source of repayment:** Annually, \$5 million from the City's portion of the State's ongoing revenue sharing program; and another \$13 million annually from the General Revenue Fund portion of the State's hotel/motel tax levied by the Authority. The State estimates that repayment of the \$8 million annual advance of the \$13 million will reduce the States' maximum liability to \$5 million.

**Administrative expenses:** Authority revenue from above sources.

**Resources:** Illinois Sports Facilities Authority  
333 W. 35<sup>th</sup> Street  
Chicago, IL 60616  
(312) 793-1991  
Fax: (312) 793-1975

**Contact**

Kim Herman, Comptroller

**Phone**

(312) 793-1991

## **METROPOLITAN PIER & EXPOSITION AUTHORITY**

Local debt, State debt

70 ILCS 210

30 ILCS 750/1-3

The Metropolitan Fair & Exposition Authority Act, created July 1, 1955, authorized the construction of **McCormick Place** in Chicago. The law gives the authority ongoing power to issue revenue bonds. From 1958 to 1967, \$41.8 million in revenue bonds were issued in three separate issues, which were defeased according to P.A. 83-1129, effective July 3, 1984. After McCormick Place was substantially destroyed by fire in 1967, legislation provided for the issuance of \$40 million in Authority revenue bonds, which yielded \$28 million of the amount needed to rebuild the center. Those bonds were retired in 1976 (FY 1977).

The Metropolitan Fair & Exposition Authority Act was amended in FY 1984 to allow for State support of Authority revenue and refunding bonds to be issued for the expansion of McCormick Place. The Act was amended again in FY 1985 to increase the amount of State support and make other changes. Effective July 2, 1989, the Metropolitan Fair and Exposition Act was amended to include development of Navy Pier in addition to the original purpose of McCormick Place, and the name was changed to the Metropolitan Pier & Exposition Authority.

Public Act 87-733, effective July 1, 1992 allowed the Authority to expand its grounds, buildings and facilities at a new site. The expansion may include new exhibition and convention space, meeting rooms, and support facilities, as well as improvements to land, highways, mass transit facilities and infrastructure. P.A. 88-556, effective July 27, 1994, makes all property at the Authority exempt from State Taxation.

**Source of repayment:** Some appropriation to the Authority from the Metropolitan Fair and Exposition Authority Improvement Bond Fund which receives transfers from the Build Illinois Fund; for sales tax receipts, see “Build Illinois.” The Authority is one of several bonding authorities that issue “**indirect debt**,” in which the constructed assets are the property of the local government(s), but the debt service costs require annual appropriations from the public funds of the State.

**Administrative expenses:** Authority.

### **Additional Sources of Information:**

*Bond Watcher*, IEFC, April 1992.

“Financing a New Stadium in Chicago,” *Fiscal Focus*, Illinois Comptroller’s Office, February, 1996.



**Resources:** Metropolitan Pier & Exposition Authority  
Budget and Treasury Department  
2301 S. Prairie  
Chicago, IL 60616  
(312) 791-7000  
Fax: (312) 524-4876

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## **REGIONAL TRANSPORTATION AUTHORITY (RTA)**

Local debt, partially State-supported

70 ILCS 3615

Beginning January 1, 1990, the State supplements current financial assistance to the Regional Transportation Authority (RTA) in the form of payment of a specified amount of debt service on bonds issued by the authority for strategic capital improvement projects.

The RTA owns and operates the **Chicago Transit Authority's** (CTA) buses and elevated trains (the "el" in downtown Chicago), the **Metra** suburban commuter rail lines, and the **Pace** suburban bus system.

**Source of repayment:** General Revenue transfers to the Public Transportation Fund. The RTA is a State leader in issuing indirect debt. The RTA issues bonds for Strategic Capital Improvement Projects (SCIP) to acquire or maintain public transportation facilities, as approved by the Governor.

**Administrative expenses:** Regional Transportation Authority.

**Resources:** Regional Transportation Authority  
181 W. Madison, Suite 1900  
Chicago, IL 60602  
(312) 793-0700  
Fax: (312) 793-1344  
[www.rtachicago.com](http://www.rtachicago.com)

### **Contact**

Kurt Roby, Treasurer

### **Phone**

(312) 917-1421

**SPRINGFIELD AIRPORT AUTHORITY**

Local debt

70 ILCS 5/15.2

Effective September 25, 1975, P.A. 79-1096 authorized an airport authority to **establish a public airport in Springfield**. Springfield Airport Authority bonds were issued for the construction of office, aircraft hangar, and service buildings to be leased by the State for occupation by the Department of Transportation, Division of Aeronautics. Bonds in the amount of \$2.725 million were issued in FY 1978 with the first payment due in FY 1983. The agreement expires in May 2003. In the event the State fails to make lease payments, the authority may lease the buildings to another lessee. State lease payments are required to cover, but not exceed, costs to the authority for debt service plus maintenance of a bond reserve account.

**Source of payment:** Appropriation from the Road Fund to Department of Transportation, Division of Aeronautics.

**Administrative expenses:** None.

**Resources:** Springfield Airport Authority  
1200 Capitol Airport Drive  
Springfield, IL 62707  
(217) 788-1060  
Fax: (217) 788-8056

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Administration  
Emalee Knop, Account Technician

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(217) 788-1060

## ILLINOIS STATE-SUPPORTED REVENUE BOND SALES

EY	Issue Date	Purpose	Sale \$ millions	True Interest Cost %	Competitive or Negotiated	Issuing Authority	Detail(s)
78	5/1/78	Projects	\$2.7	7.27%		Springfield Airport	
85	8/15/84	Projects	252.5	10.59%	Negotiated	M cCormick Place	
86	9/15/85	Projects	100.0	9.22%	Negotiated	Build Illinois	Series A
	10/15/85	Projects	15.3	9.21%		Collinsville	
	12/1/85	Projects	60.1	8.74%	Negotiated	M cCormick Place	
	12/15/85	Projects	90.0	9.61%		Civic Centers	
87	7/15/86	Projects	120.0	8.04%	Negotiated	Build Illinois	Series B
	8/1/86	Refunding	324.2	8.88%		M cCormick Place	
	8/15/86	Projects	1.0	7.75%		Civic Center	
	12/1/86	Refunding	62.6	6.92%	Negotiated	M cCormick Place	
	1/1/87	Refunding	95.5	6.86%		Build Illinois	Series C
	2/15/87	Refunding	13.6	6.53%		Collinsville	
88	9/1/87	Projects	70.0	7.22%	Competitive	Build Illinois	Series D
	1/1/88	Projects	80.0	7.70%	Competitive	Build Illinois	Series E
	5/15/88	Projects	70.0	7.89%	Competitive	Build Illinois	Series F
89	10/15/88	Projects	110.0	7.32%	Negotiated	Build Illinois	Series G/H
	11/1/88	Projects	16.9	0.65%	Negotiated	COPs	
	3/1/89	Projects	150.0	7.71%	Negotiated	Ill. Sports Facility	
	4/15/89	Projects	87.0	7.26%	Competitive	Build Illinois	Series I
90	8/15/89	Projects	70.0	7.15%	Competitive	Build Illinois	Series J
	12/15/89	Projects	110.0	7.00%	Competitive	Build Illinois	Series K
	4/1/90	Refunding	94.2	7.38%	Negotiated	Civic Center	
	5/19/90	Projects	120.0	7.42%	Negotiated	Build Illinois	L - Retirement
91	11/1/90	Projects	120.0	6.90%	Competitive	Build Illinois	Series M
	4/14/90	Projects	135.0	6.94%	Competitive	Build Illinois	Series N
92	10/1/91	Projects	74.9	6.97%	Negotiated	Civic Center	
	10/15/91	Projects/Ref.	265.8	6.76%	Negotiated	Build Illinois	Series O
	4/9/92	Refunding	182.1	6.78%	Negotiated	M cCormick Place	
	6/15/92	Projects	100.0	6.54%	Negotiated	Build Illinois	Series P

**ILLINOIS STATE-SUPPORTED REVENUE BOND SALES (cont.)**

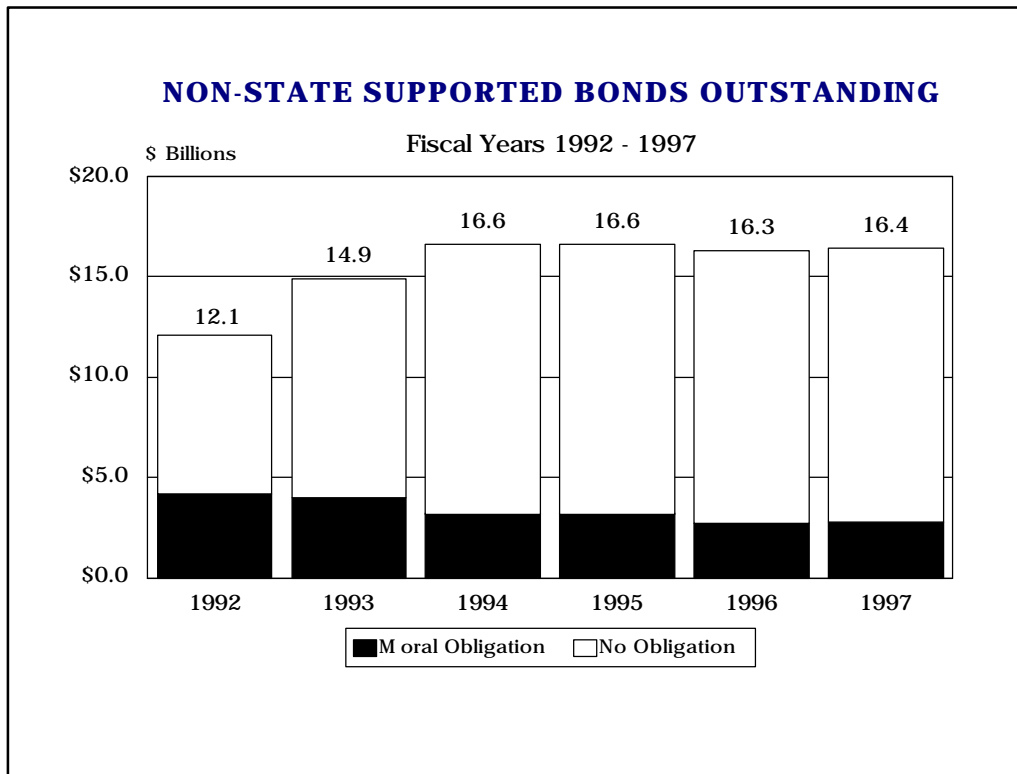
<u>EY</u>	<u>Issue Date</u>	<u>Purpose</u>	<u>Sale \$ millions</u>	<u>True Interest Cost %</u>	<u>Competitive or Negotiated</u>	<u>Issuing Authority</u>	<u>Detail(s)</u>
93	9/23/92	Refunding	\$416.9	6.09%	Negotiated	Build Illinois	Q-Projects/Ref.
	1/5/93	Projects	868.8	6.60%	Negotiated	M cCormick Place	
	3/16/93	Projects	100.0	5.28%	Competitive	Build Illinois	Series R
94	9/30/93	Projects/Ref.	331.6	5.05%	Negotiated	Build Illinois	S-Projects/Ref
	2/10/94	Projects	100.0	4.96%	Competitive	Build Illinois	Series U
95	9/22/94	Projects	135.0	6.27%	Competitive	Build Illinois	Series V
96	12/6/95	Projects	80.0	5.08%	Competitive	Build Illinois	Series W
97	3/12/97	Projects	60.0	5.08%	Competitive	Build Illinois	Series X
98	1/8/98	Refunding	145.5	4.93%	Negotiated	Build Illinois	Series Y

## NON STATE-SUPPORTED DEBT

The issuance of non State-supported bonds by State agencies enables them to pass-through the federal tax exemption, resulting in lower costs for various public and private purpose capital projects. The two categories of non State-supported bonds are moral obligation and no obligation bonds.

Chart 9 shows the level of outstanding debt for both moral obligation and no obligation non-State supported bonds. The levels of both moral obligation and no obligation debt have remained fairly stable over the last several years. From FY 1992 to FY 1994, no obligation bonds outstanding increased by 36.2%, from \$12.1 million to \$16.6 million. Moral obligation debt outstanding has fallen gradually from \$4.2 million in FY 1992 to \$2.8 million in FY 1997.

Chart 9

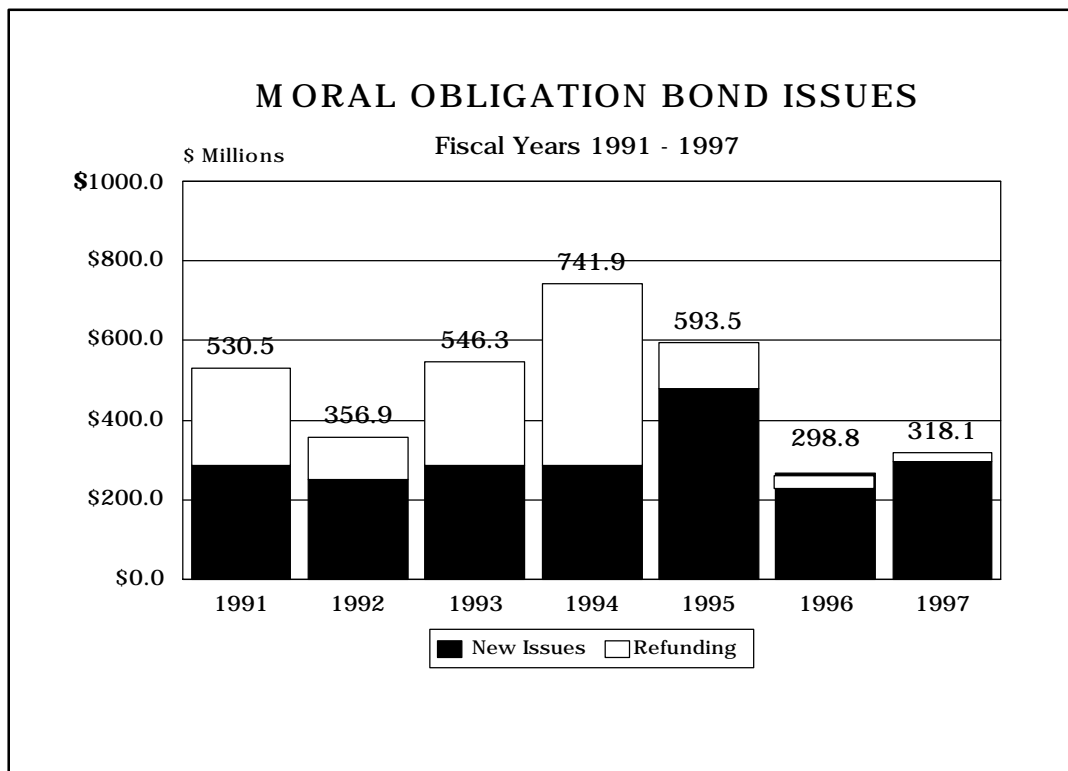


## MORAL OBLIGATION

Moral obligation debt is that which is issued by agencies that have either enabling legislation directing the Governor to seek sufficient appropriations in the event of a possible default or a significant State presence in their composition or activities. While investors cannot legally compel the State to repay the debt, it is generally presumed that the State would feel morally compelled to repay the bonds. Because of the lack of legal recourse, however, investors are still at risk in the event of a default.

As the level of outstanding moral obligation debt has gradually declined, the level of bond sales for projects has leveled off in the past several fiscal years, except for a jump in FY 1995 (Chart 10). In FY 1997, new issues totaled \$295.8 million, while refunding sales totaled \$22.87 million. Refunding sales have fallen consistently since interest rates troughed in FY 1993 and FY 1994, although interest rates have hit new lows in the current fiscal year.

Chart 10



## ILLINOIS HOUSING DEVELOPMENT AUTHORITY

State debt

20 ILCS 3805

Established July 24, 1967, the Housing Development Authority Act authorizes the sale of bonds to make **low interest mortgage loans** for construction and rehabilitation of housing and community facilities in order to provide subsidized housing loans and subsidized rentals. Grants or loans may also be made for research and development of techniques and methods for increasing the supply and quality of such housing. As of September 15, 1989, the authority was designated program administrator of the Affordable Housing Trust Fund, funded with a portion of the real estate transfer fee.

Since January 1, 1990, the authority has administered the **Home Ownership Made Easy (HOME) Program**, which is supervised by the State Treasurer. The Treasurer certifies to the Authority those participants which are eligible to receive program benefits. As of November 8, 1991, the Authority must receive the written approval of the Governor in order to issue bonds and notes carrying the State's moral obligation.

**Source of repayment:** Authority revenue. While the State is not legally obligated, if authority revenues are insufficient to meet payments, the statutes provide that the Governor must be notified of the shortfall and include that amount in his next budget.

**Administrative expenses:** Fees and charges.

**Additional sources of information:** IRS Code, Section 103A.

**Resources:** Illinois Housing Development Authority  
Accounting Department  
401 N. Michigan Ave., Suite 900  
Chicago, IL 60611  
(312) 836-5252  
Fax: (312) 832-2161  
[www.ihda.org](http://www.ihda.org)

### Contact

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### Phone

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**ILLINOIS STUDENT ASSISTANCE COMMISSION (formerly Illinois State Scholarship Commission)**

State debt

110 ILCS 947/15

The Illinois Student Assistance Commission (ISAC) **determines eligibility for student loans** under the Higher Education Student Assistance Law (established August 3, 1967), loans guaranteed by the Commission and reinsured by the United States Department of Education. Effective September 21, 1977, the Education Loan Purchase Program Law (30-15.14a – 30.15.24) provides for a **secondary market for the purchase of certain “eligible” loans in default** (Illinois Designated Account Purchase Program (IDAPP)) through the issuance of revenue bonds. This statute was modified in 1983 to include any loan guaranteed by the ISSC.

The Commission was renamed the Illinois Student Assistance Commission by Public Acts 86-164 and 86-169. P.A. 86-164, approved on August 13, 1989, also provided for the establishment of a variety of **College Savings Programs**. The original statute was amended and renamed the Higher Education Student Assistance Act by P.A. 87-997, effective September 3, 1992. P.A. 88-228, effective July 1, 1994, added traineeship and fellowship grants and scholarships for teachers of handicapped children, for teachers of gifted children, and for science and math teachers. The Act also added “teacher shortage” scholarships, “equal opportunity” scholarships, and other scholarship and grant programs.

**Source of repayment:** Loan receipts, payments on the loans, and reimbursements by the federal government, etc.

**Administrative expenses:** Appropriation to the Commission by the General Assembly (one-fourth from General Revenue; three-fourths from the Illinois State Scholarship Commission Student Loan Fund). Administrative expenses for the direct lending program will be by appropriation from the General Revenue Fund.

**Resources:** Illinois Student Assistance Commission  
Illinois Designated Account Purchase Program  
1755 Lake Cook Road  
Deerfield, IL 60015-5209  
(847) 831-8576  
Fax: (847) 831-8516  
[www.isac1.org](http://www.isac1.org)

**Contact**

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Peter Xilas, Financial Officer

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(847) 831-8579

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[tsakos@aol.com](mailto:tsakos@aol.com)

**QUAD CITIES REGIONAL ECONOMIC DEVELOPMENT AUTHORITY**

State debt

70 ILCS 510

Created September 22, 1987, according to P.A. 85-713, the Quad Cities authority has the power, with the written consent of the Governor, to issue bonds for a variety of **industrial, housing, residential, commercial, and service projects** for Rock Island, Henry, and Mercer Counties. An amendment effective January 1, 1990, made Authority debt a moral obligation of the State.

**Source of repayment.** Revenue of the Authority: the Authority has taxing power. While not a legal obligation of the State, if the Authority’s revenue is insufficient to meet payments, the statute provides that the Governor must be notified and he must include the amount of the shortfall in his next budget.

**Administrative expenses.** Appropriation to DCCA for a loan to the Authority to fund initial operating expenses.

**Resources:** Quad Cities Regional Economic Development Authority

1830 Second Ave., Suite 200  
Rock Island, IL 61201-8038  
(309) 793-6834  
Fax: (309) 788-4964

**Contact**

Andrew Hamilton, Director, QCREDA

**Phone**

(217) 546-7525

Bi-State Regional Commission  
1604 Third Ave.  
Rock Island, IL 61204-3368  
Phone: (309) 793-6300  
Fax: (309) 793-6305

**Contact**

Donna Moritz, Controller, BSRC

**Phone**

(309) 793-6300

**E-mail**

bistate@qconline.com

## **RURAL BOND BANK**

State debt

30 ILCS 360

P.A. 86-927, effective September 17, 1989, established a rural bond bank for the purpose of selling tax-exempt bonds in order to **make loans available to rural units of government**, to enable them to finance public improvements and other governmental purposes. Public Act 87-778, effective August 3, 1995, requires the Authority to certify to the Governor any amounts withdrawn from bond reserve funds, and requires the Governor to submit those amounts to the General Assembly. In September 1997, the Authority began offering the **Interim Construction Loan Program**, issuing 18-month notes at a low rate to rural communities. The program allows communities to reduce their borrowing costs by investing part of the loan amount during their borrowing period.

**Source of repayment.** Revenues of the bank, and grants and appropriations from the federal government or State agencies.

**Resources:** Illinois Rural Bond Bank  
427 East Monroe, Suite 202  
Springfield, IL 62701  
(217) 524-2663  
Fax: (217) 524-0477

### **Contact**

Brock Huffstutler, Program  
Administrator

### **Phone**

(217) 524-2663

### **E-mail**

[bondbank@pop.state.il.us](mailto:bondbank@pop.state.il.us)

## **SOUTHWESTERN ILLINOIS DEVELOPMENT AUTHORITY**

State debt

70 ILCS 520

Authorized September 20, 1987 by P.A. 85-591, the Southwestern Illinois Development Authority was created to promote economic development in Madison and St. Clair Counties. With the written consent of the Governor, the authority is empowered to issue bonds for funding a wide range of **industrial, housing, and commercial projects**. Public Act 87-778 requires the Authority to certify to the Governor any amounts withdrawn from bond reserve funds, and requires the Governor to submit those amounts to the General Assembly.

**Source of repayment.** Authority revenue. While the State is not legally obligated, if Authority revenues are insufficient to meet payments, the statute provides that the Governor must be notified of the shortfall and include the amount in his next budget.

**Administrative expense.** Appropriation to DCCA for a loan to the Authority to fund initial operating expenses.

**Resources:** Southwestern Illinois Development Authority

1 Eastport Plaza Drive  
Collinsville, IL 62234  
(618) 345-3400  
Fax: (618) 345-4658

**Contact**

Alan Ortvals, Executive Director

**Phone**

(618) 345-3400

**E-mail**

[www.swida@stlnet.com](http://www.swida@stlnet.com)

## STATE UNIVERSITIES

State debt

**Chicago State University**  
110 ILCS 661

**Northern Illinois University**  
110 ILCS 686

**Eastern Illinois University**  
110 ILCS 666

**Southern Illinois University**  
110 ILCS 515

**Governor's State University**  
110 ILCS 671

**University of Illinois**  
110 ILCS 405

**Illinois State University**  
110 ILCS 676

**Western Illinois University**  
110 ILCS 691

**Northeastern Illinois University**  
110 ILCS 680

The Board of Regents and the Board of Governors were established effective July 7, 1967. The Board of Regents governed and issued debt for Illinois State University, Northern Illinois University, Sangamon State University, and the Lewis University College of Law (operated by NIU). The Board of Governors managed and issued debt for Chicago State University, Eastern Illinois University, Governor's State University, Northeastern Illinois University, and Western Illinois University.

Effective January 1, 1996, P.A. 89-4 abolished the Board of Regents and the Board of Governors, transferring their powers and duties, including debt issuance, to their respective universities. The management of Sangamon State University (SSU) was transferred to the Board of Trustees of the University of Illinois, creating the University of Illinois at Springfield (UIS). P.A. 89-24 advanced the change from SSU to UIS to July 1, 1995. All of the debt of the Board of Regents and the Board of Governors was also transferred to the separate universities.

### Resources:

**Chicago State University**  
9501 South King Drive  
Chicago, IL 60628-1598  
(773) 995-2000  
[www.csu.edu](http://www.csu.edu)

#### Contact

Sharon Young, Director of Financial  
Affairs

#### Phone

(773) 995-2469

#### E-mail

**Eastern Illinois University**  
Business Affairs Office

123 Old Main  
Charleston, IL 61920  
(217) 581-2921  
Fax: (217) 581-3290  
www.eiu.edu

**Contact**

Morgan Olsen, Vice President of  
Business Affairs

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**E-mail**

csmro@eiu.edu

**Governor's State University**

University Park, IL 60466-0975  
(708) 534-4120  
Fax: (708) 534-8450  
www.govst.edu

**Contact**

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Jim Alexander, Vice President for  
Administration and Planning

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(708) 534-4120

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tarr@govst.edu  
jalex@govst.edu

**Illinois State University**

Bond Revenue Accounting  
Normal, IL 61790  
(309) 438-2143  
Fax: (309) 438-5555  
www.ilstu.edu

**Contact**

JoEllen Bahnsen, Director of Bond  
Revenue Accounting  
Chuck Taylor, Vice President of  
Business and Finance

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(309) 438-5667  
(309) 438-2143

**E-mail**

jbahnse@ilstu.edu  
ctaylor@ilstu.edu

**Northeastern Illinois University**

Attn: Controller's Office  
5500 N. St. Louis Ave.  
Chicago, IL 60625-4699  
(773) 794-3075  
Fax: (773) 794-6238

www.neiu.edu

**Contact**

Philip Weiss, Controller

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(773) 794-2891

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p-weiss1@neiu.edu

**Northern Illinois University**

Finance and Facilities

DeKalb, IL 60115

(815) 753-1000

Fax: (815) 753-1839

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Kathe Shinham, Associate Vice

President, Finance and Facilities

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Colyer Hall

Carbondale, IL 62901-6801

(618) 536-3331

Fax: (618) 536-3404

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Don\_wilson@notes.siu.edu

**University of Illinois**

Office of Financial Affairs

276 Henry Administration

506 S. Wright St.

Urbana, IL 61801

(217) 333-0486

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(217) 333-9037

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spelg@uiuc.edu

**Western Illinois University**

Budget Office

1 University Circle

Macomb, IL 61455

(309) 298-1953

Fax: (309) 298-2006

[www.wiu.edu](http://www.wiu.edu)

**Contact**

Mike Glowacki, Budget Director

**Phone**

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**E-mail**

MH-Glowacki@wiu.edu



## **TRI-COUNTY RIVER VALLEY DEVELOPMENT AUTHORITY**

State debt, moral obligation optional

70 ILCS 525

Effective January 14, 1991, P. A. 86-1489 created the Tri-County River Valley Development Authority. The Authority, with written approval by the Governor, may issue revenue bonds for **industrial, commercial, residential, service, transportation, and recreational facilities** within the boundaries of Peoria, Tazewell, and Woodford counties for purposes of economic and community development. P. A. 87-778 requires the Authority to certify to the Governor any amounts withdrawn from bond reserve funds, and requires the Governor to submit those amounts to the General Assembly. Currently, the Authority has no outstanding indebtedness.

**Source of repayment.** Revenue of the Authority. While the State is not legally obligated, if the Authority's revenue is insufficient to meet the next year's debt service payment, the statute provides that the Governor must be notified and submit the amount of the shortfall to the legislature within the current fiscal year. The moral obligation pledge also applies to any drawdown on the debt service reserve fund. The foregoing shall not apply, however, if so determined in the resolution authorizing the issuance of the bonds.

**Administrative expenses:** Revenue of the Authority.

**Resources:** No appointments at time of publication.

## UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY

State debt, moral obligation optional

70 ILCS 530

Effective, January 1, 1990 P.A. 86-1024 created the Upper Illinois River Valley Development Authority. The Authority may issue revenue bonds for **industrial, housing, residential, commercial, or service projects** within the boundaries of Grundy, Kendall, LaSalle, Bureau, Putnam, and Marshall counties for purposes of economic and community development. P.A. 87-778 requires the Authority to certify to the Governor any amounts withdrawn from bond reserve funds, and requires the Governor to submit those amounts to the General Assembly. Passed in 1995, P.A. 89-211 added Kendall County to the 5 original counties in the Authority.

**Source of repayment:** Revenue of the Authority. While the State is not legally obligated, if the Authority's revenue is insufficient to meet the next year's debt service payment, the statute provides that the Governor must be notified and submit the amount of the shortfall to the legislature within the current fiscal year. The moral obligation pledge also applies to any drawdown on the debt service reserve fund. The foregoing shall not apply, however, if so determined in the resolution authorizing the issuance of the bonds.

**Administrative expenses:** Revenue of the Authority.

**Resources:** Upper Illinois River Valley Development Authority  
Union BanCorp Financial Center  
321 W. Main Street  
Ottawa, IL 61350  
(815) 431-9250  
Fax: (217) 546-7569

<b>Contact</b>	<b>Phone</b>	<b>E-mail</b>
Andrew Hamilton, Executive Director	(217) 546-7525	ahamilton@eosinc.com

## **WILL-KANKAKEE REGIONAL DEVELOPMENT AUTHORITY**

State debt, moral obligation optional

70 ILCS 535

Effective January 14, 1991, P. A. 86-1481 created the Will-Kankakee Regional Development Authority. The Authority, with the written consent of the Governor, has the power to issue bonds, for the purpose of promoting **industrial, commercial, service, transportation, and recreational activities** in Will and Kankakee Counties. P. A. 87-778 requires the Authority to certify to the Governor any amounts withdrawn from bond reserve funds, and requires the Governor to submit those amounts to the General Assembly. Currently, the Authority has no outstanding indebtedness.

**Source of repayment:** Revenue of the Authority. While the State is not legally obligated, if the Authority's revenue is insufficient to meet the next year's debt service payment, the statute provides that the Governor must be notified and submit the amount of the shortfall to the legislature within the current fiscal year. The moral obligation pledge also applies to any drawdown on the debt service reserve fund. The foregoing shall not apply, however, if so determined in the resolution authorizing the issuance of the bonds.

**Administrative expenses:** Revenue of the Authority.

**Resources:** Will-Kankakee Regional Development Authority

116 N. Chicago Street

Two Rialto Square

Joliet, IL 60431

(815) 723-9070

Fax: (217) 546-7525

**Contact**

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**Phone**

(217)546-7525

**E-mail**

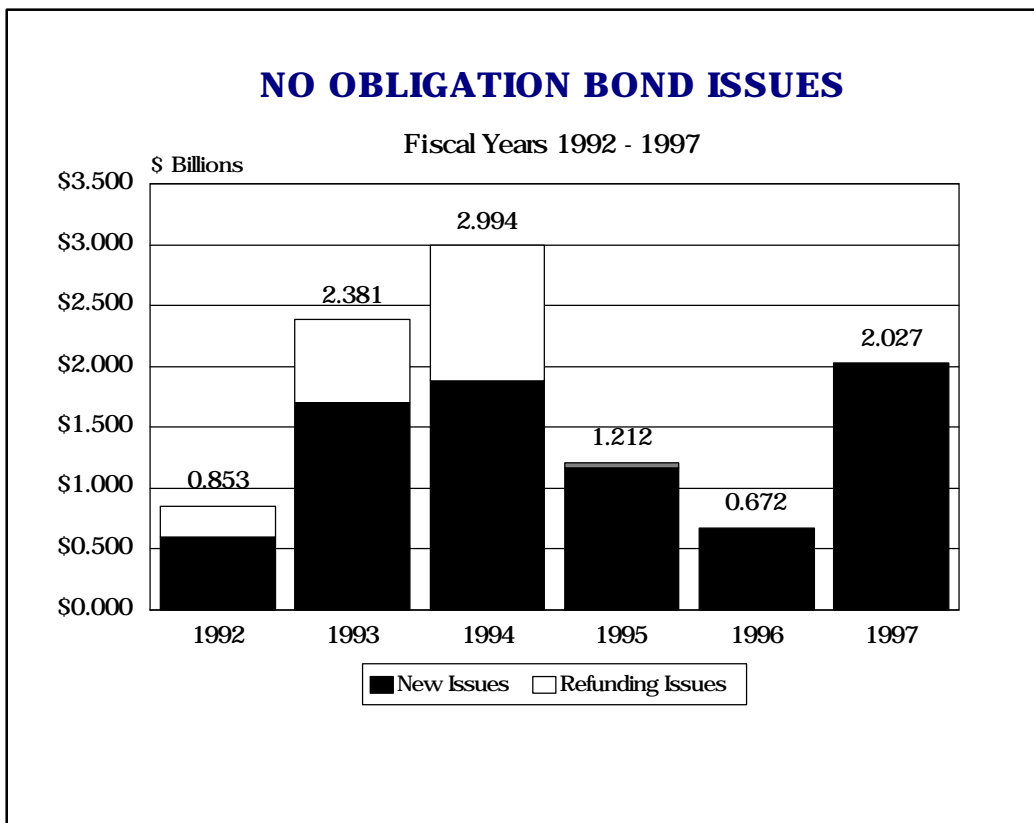
ahamilton@cosinc.com

## NO OBLIGATION

No obligation debt is that which is issued by an agency of the State on behalf of the borrower and is to be repaid only from the borrower's resources (also called "conduit" debt). Investors purchase such debt based solely on the strength of the borrower, with no expectation of potential State involvement in the event of a default. Borrowers benefit from being able to borrow at lower, tax-exempt interest rates, rather than at higher, taxable interest rates that they would otherwise have to pay.

Total new issues of no obligation debt increased significantly during FY 1997, as shown in Chart 11. New debt issues of no obligation bonds increased by 202%, from the FY 1996 level of \$672 million to \$2.027 billion. No refunding issues were reported by any no obligation authorities in FY 1996 or FY 1997.

Chart 11



## ILLINOIS DEVELOPMENT FINANCE AUTHORITY

State debt

20 ILCS 3505

20 ILCS 3515/4

Created September 23, 1983 and amended November 17, 1983, the Illinois Development Finance Authority Act amended the Industrial Development Act and incorporated the Environmental Facilities Financing Authority, adding other powers and duties at that time and with subsequent amendments. The Act did the following:

- Authorized the sale of **industrial development bonds** (IDBs) for the purpose of creating funds for loans or the purchase of property for lease for industrial, commercial, and manufacturing development, specifying a portion of the authorization for Enterprise Zones and the Illinois Land Bank Fund.
- Aids private industry in financing **pollution control** and **surface mined land reclamation facilities** through the issuance of revenue bonds, specifying an issuance limit.
- Created an **Industrial Revenue Bond Insurance Fund** to be funded by appropriation from the General Revenue Fund for the purpose of insuring IDBs or environmental facility bonds.
- Created the **Illinois Land Bank Fund** whereby a portion of the authorization for IDBs may be used for “redevelopment areas.” Allows the authority to aid local governments in marketing their bond issues (for a fee).
- Established an **Infrastructure Bond Bank** to aid local government in financing infrastructure projects through the Infrastructure Assistance Program later expanded and changed to the Local Government Financing Assistance Program.
- Effective August 30, 1990, P.A. 86-1211 also allowed the Authority to make loans under the **Build Illinois Act** and the **Financially Distressed Cities Law** (specifically for East St. Louis). The Authority may make loans to local governments for storm sewer outfalls and flood protection of sanitary sewer treatment plants; and to manage a direct loan program for industrial projects.

Revisions to the Act made in the 87<sup>th</sup> General Assembly:

- Permitted the Authority to develop a program of **financing movie production** in Illinois, including financing of film production facilities.
- Authorized the Authority to make investments to **provide venture capital**.

- Requires the Authority, in cooperation with the Illinois Health Facilities Authority and the Department of Energy and Natural Resources, to assist local units of government to identify and arrange financing for **energy conservation projects**.
- Requires the Authority to certify to the Governor any amounts withdrawn from bond reserve funds, and requires the Governor to submit those amounts to the General Assembly.

In September 1994, the Authority issued bonds to satisfy the renegotiated debt of East St. Louis. In 1997, P.A. 90-470 increased the Authority’s debt limit by \$1.5 billion for corporate purposes; by \$500 million for infrastructure; and by \$900 million for environmental cleanup.

**Source of repayment:** Revenues of the Authority.

**Administrative expenses:** Revenues of the authority, appropriation by General Assembly.

**Additional sources of information:** IRS Code, Sections 103(b) and 501(c)(3)

**Resources:** Illinois Development Finance Authority  
www.idfa.com

**Chicago Office**  
233 S. Wacker Drive  
Sears Tower, Suite 5310  
Chicago, Illinois 60606  
(312) 793-5586  
Fax: (312) 793-6347

**Springfield Office**  
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**Contact**  
Sara Seigel, Controller

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**E-mail**

## ILLINOIS EDUCATIONAL FACILITIES AUTHORITY

State debt

110 ILCS 1015

Established October 9, 1969, the Educational Facilities Authority Act provides tax-exempt financing for private institutions of higher learning through the issuance of revenue bonds for the **refinancing of existing or construction of new educational facilities**. The first issue was in 1973. In 1976, the State expanded the Authority's mandate to include **assistance for not-for-profit, private institutions involved in academic, scientific, educational, or professional research or learning**. The Act was amended in FY 1985 to also include **cultural institutions**. Public Act 85-1326, effective August 31, 1988, provided that the Authority also assume the responsibilities of the Independent Higher Education Loan Authority. The Act allowed the Authority to provide financing for **education loan corporations**, which are not-for-profit corporations organized for the purpose of conducting education loan financing programs.

**Source of repayment:** By the Authority from revenue received from the educational institution, with the institution ultimately liable in case of default.

**Administrative expenses:** Apportioned among participants.

**Resources:** Illinois Educational Facilities Authority  
333 W. Wacker Drive, Suite 2600  
Chicago, Illinois 60606-1218  
(312) 781-6633  
Fax: (312) 781-6630  
TDD: (312) 781-6675

<b>Contact</b>	<b>Phone</b>	<b>E-mail</b>
Thomas P. Conley, Executive Director	(312) 781-6633	BURRAD!Tconley@ATTMail.com

## ILLINOIS FARM DEVELOPMENT AUTHORITY

State debt

20 ILCS 3605

Effective September 16, 1981, the Illinois Farm Development Act was created to issue bonds for financing the **construction or improvement of or equipment for agricultural facilities, soil or water conservation projects, or watershed areas** at rates sufficiently low to encourage individuals to remain in farming. Statutory provision was made for securing insurance or guarantees. Since then, further legislation has allowed the Authority to offer **financial assistance for agri-business** to make operating funds more affordable and to promote diversification and vertical integration in agriculture.

The Authority administers two types of loan programs: the Agricultural Development Bond programs and the State Guarantee programs (SGPs). **The Agricultural Development Bond programs** include the Beginning Farmer program, the Contract Bond Beginning Farmer program, and the Agricultural Manufacturing Bond program. These programs use tax-exempt financing to encourage private lenders to make agricultural loans and landowners to sell on a contract basis.

There are four **State Guarantee programs**: the SGP for Restructuring Agricultural Debt (SGP), the Young Farmer Guarantee program (YFG), the SGP for Agri-Industries (SPGAI), and the Specialized Livestock Guarantee program (SLP). Under each program, the State guarantees 85% of each loan, for which the lender must agree to charge a limited interest rate.

Public Act 87-835 authorized the Authority to transfer amounts to the Illinois Agricultural Loan Guarantee Fund in order to maintain a balance of \$45,000,000.

**Source of repayment:** Revenues and other receipts of the Authority.

**Administrative expenses:** Initial expenses from appropriation by the General Assembly; as soon as possible from charges and fees or proceeds from bonds. If possible, the initial appropriation is to be repaid to the State.

**Resources:** Illinois Farm Development Authority  
427 East Monroe, Suite 201  
Springfield, IL 62701  
(217) 782-5792  
Fax: (217) 782-3989

<b>Contact</b>	<b>Phone</b>	<b>E-mail</b>
Laura Lanterman	(217) 782-5792	
David L. Wirth, Executive Director	(217) 782-5792	



## ILLINOIS HEALTH FACILITIES AUTHORITY

State debt

20 ILCS 3705

Effective October 1, 1972, the Health Facilities Act provides for financing the **construction of, or equipment for, private nonprofit health care facilities** (hospitals, nursing homes, training facilities, etc.) through the issuance of revenue bonds. The first issue was in 1975. Before making any loans, all pertinent data must be submitted to the **Health Facilities Planning Board** for their review and comment. The Authority must consider the Board's report in making a decision. Public Act 87-852 requires the Authority, in cooperation with the Illinois Development Finance Authority and the Department of Energy and Natural Resources, to assist local units of government in identifying and arranging financing for energy conservation projects.

**Source of repayment:** Revenues of the Authority or of the health institutions involved.

**Administrative expenses:** Apportioned among participating health institutions.

**Resources:** Illinois Health Facilities Authority

Two Prudential Plaza  
180 North Stetson Ave., Suite 1100  
Chicago, IL 60601  
(312) 861-4445  
Fax: (312) 861-4458  
TDD: (312) 861-4456

Illinois Health Facility Planning Board  
DPH, Division of Facility Department  
525 W. Jefferson  
Springfield, Illinois 62761  
(217) 782-3516  
Fax: (217) 785-4308

### Contact

Mary M. McInerney, Executive Director, IHFA

### Phone

(312) 861-4445

### E-mail

## **ILLINOIS RESEARCH PARK AUTHORITY**

State debt

20 ILCS 3850

Effective November 29, 1994, P.A. 88-669 created the Illinois Research Park Authority. The Authority was established to **promote technological and economic development** in the State by supporting university-affiliated research parks. The Authority is allowed to have up \$150 million in debt outstanding at any one time. Currently, the Authority has no outstanding indebtedness.

**Source of repayment:** Operating revenue.

**Administrative expenses:** Operating revenue or proceeds from the sale of bonds.

**Resources:** Illinois Research Park Authority  
Donald Haider  
Director, Public Nonprofit Program  
Northwestern University  
2001 N. Sheridan Rd. #501  
Evanston, IL 60208  
(847) 491-3415  
Fax: (847) 491-8525

**Contract**

Don Haider, Chairman

**Phone**

(847) 491-8701

**E-mail**

d-haider@nwu.edu

## ILLINOIS TOLL HIGHWAY AUTHORITY

State debt

605 ILCS 10

Between 1953 and 1970, \$628 million in revenue bonds were issued for the **construction and maintenance of the toll highway system**, first under the Toll Highway Commission and since April 1, 1968 under the Toll Highway Authority (IRS Ch. 121, par. 314a26 to 314a54). The Authority may issue bonds for refinancing or maintenance and repairs of the present system. Bonds for additions to the system require authorization by joint resolution of the General Assembly and approval by the Governor.

The Authority maintains 275 miles of toll roads in the Chicago area, including I-88, the East-West tollway; I-294, the Tri-State tollway; I-90, the Northwest tollway; and I-355, the North-South tollway.

In 1995, the Authority became the focus of a lawsuit challenging its ability to operate constitutionally without submitting its budget to the General Assembly for appropriations and approval.

**Source of repayment:** Operating revenue.

**Administrative expenses:** Operating revenue or proceeds from the sale of bonds.

**Resources:** Illinois Toll Highway Authority  
One Authority Drive  
Downers Grove, IL 60515  
(630) 241-6800

<b>Contact</b>	<b>Phone</b>	<b>E-mail</b>
Patti Poulos, Finance Administrative Secretary	(630) 241-6800 ext. 4401	

## **JOLIET ARSENAL DEVELOPMENT AUTHORITY**

State debt

70 ILCS 508

Effective August 17, 1995, P.A. 89-333 created the Joliet Arsenal Development Authority. The Authority was established to **promote the utilization and economic development of the site of the former Joliet ammunition plant and arsenal**. The Authority is to be abolished upon the latter of either 1) August 17, 2010, 15 years after the effective date of the Act; or 2) one year after the Authority's revenue bonds, notes, or other debts are fully paid and discharged.

The Authority was, with written approval from the Governor, initially allowed to issue up to an aggregate amount of \$100 million in moral obligation debt for specified purposes. P.A. 90-83, passed in the spring of 1997, removed the State's moral obligation pledge backing the Joliet Arsenal Development Authority bonds. Currently, the Authority has no outstanding indebtedness.

**Source of repayment:** Operating revenue.

**Administrative expenses:** Operating revenue or proceeds from the sale of bonds.

**Resources:** Joliet Arsenal Development Authority  
500 S. Water St.  
Wilmington, IL 60481  
(815) 476-5100  
Fax: (815) 476-5120

<b>Contact</b>	<b>Phone</b>	<b>E-mail</b>
Rick Kwasneski, Executive Director	(815) 476-5100	

## STATE UNIVERSITIES RETIREMENT SYSTEM

State debt

40 ILCS 5/15-167.2

Effective March 2, 1990, the State University Retirement System is authorized to issue tax-exempt bonds to **provide an office building for the system**. The System issued \$10 million in zero-coupon bonds in FY 1991. In the 1997 legislative session, the General Assembly added \$10 million in debt authorization to the Authority.

**Source of payment:** Investment income of the retirement system.

**Administrative expenses:** Revenue of the retirement system.

**Resources:** State Universities Retirement System of Illinois  
1901 Fox Drive  
Champaign, IL 61820  
(217) 378-8800  
Fax: (217) 378-9800  
[www.surs.com](http://www.surs.com)

### Contact

John R. Krimmel, Associate  
Investment Officer

### Phone

(217) 378-8863

### E-mail

[jkrimmel@surs.com](mailto:jkrimmel@surs.com)

Shelley M. Porter, Deputy Director,  
Finance

(217) 378-8864

[sporter@surs.com](mailto:sporter@surs.com)

## **INACTIVE**

### **EAST ST. LOUIS AREA DEVELOPMENT AUTHORITY: inactive**

State debt

70 ILCS 505

Effective September 20, 1985, title amended September 4, 1986. The East St. Louis Development Act was created to aid in the redevelopment of the depressed and blighted areas of East St. Louis, Alorton, Venice, Centerville, and Brooklyn through cooperation with the Department of Commerce and Community Affairs, the Illinois Housing Development Authority, and the Illinois Development Finance Authority. Although bonds could have been issued by the Authority within four years of the effective date of this Act, the Authority did not issue any bonds.

**Source of payment:** Revenue of the Authority.

**Administrative expenses:** Revenue of the Authority.

### **ILLINOIS ARMORY BOARD: debt retired**

State debt

20 ILCS 1810

Created in 1935 for the purpose of selling bonds for the construction of armories in Illinois, this board issued a total of \$9 million in bonds between 1935 and 1957. The armories were leased by the State for an amount adequate for debt service and administrative expenses. The bonds were defeased in 1978 and fully retired in 1982.

**Source of repayment:** Appropriation to the Department of Military and Naval Affairs.

**Program expenses:** Appropriation to the Department of Military and Naval Affairs.

**ILLINOIS BUILDING AUTHORITY: defunct**

State debt

20 ILCS 3110

Created August 15, 1961, the IBA issued revenue bonds to finance construction and maintenance of State buildings and facilities until the creation of the Capital Development Board (CDB) in 1972. Bonds in the amount of \$543.1 million were issued in fourteen separate issues, with the last issue in February 1972. Repayment was through State lease payments in an amount to cover debt service, administrative costs, and maintenance of a reserve account. On January 1, 1982, the IBA act was repealed, and the CDB became the administering agency with the responsibility for gross defeasance of the remaining bonds; subsequent legislation made provision for net defeasance. The bonds are now fully defeased.

**Source of repayment.** Appropriation as part of the budgets of the agencies occupying the facilities; since FY 1976, from a consolidated appropriation to the Department of General Services (now Central Management Services).

**Program expenses:** Authority revenue.

**ILLINOIS ENVIRONMENTAL FACILITIES FINANCING AUTHORITY: duties transferred to the Illinois Development Finance Authority**

State debt

20 ILCS 3515

Effective August 2, 1972, the Illinois Industrial Pollution Control Financing Act, changed September 9, 1979 to the Environmental Facilities Financing Act, was established to aid private industry in financing pollution control and surface mined land reclamation facilities through the issuance of revenue bonds. Any new coal fired generating plants or industrial boilers so financed require the use of Illinois coal as a primary fuel source. P.A. 83-0669, effective September 23, 1983, made this Authority a part of the Illinois Development Finance Authority.

**Source of repayment:** Authority revenue.

**Administrative expenses:** Prior to July 1, 1975, from the initial service fee and annual service fee collected by the Authority; after July 1, 1975, such fees are paid to the State treasury, and administrative expenses are appropriated by the General Assembly.

**ILLINOIS EXPORT DEVELOPMENT AUTHORITY: dissolved**

State debt

IRS Ch. 127, par. 2501

The Illinois Export Development Act was created, effective November 14, 1983, to stimulate expansion of international export markets for Illinois products and services. The authority was authorized to issue revenue bonds to provide funds to banking institutions to establish bank lines of credit for eligible export transactions for small and medium-sized businesses unable to borrow from the Export-Import Bank or private institutions and to provide guarantees, including insurance, against “commercial” and “political” loss. The Authority was dissolved effective July 1, 1992, pursuant to Public Act 87-860.

**Source of repayment:** Authority revenue.

**Administrative expense:** Grant from Department of Commerce and Community Affairs, proceeds from the sale of bonds, or appropriation from General Revenue Fund.

**ILLINOIS INDEPENDENT HIGHER EDUCATION LOAN AUTHORITY: duties transferred to the Illinois Educational Facilities Authority**

State debt

110 ILCS 945

Effective September 25, 1981, the Independent Higher Education Loan Authority Act authorized the sale of revenue bonds to make loans to eligible students at private colleges and universities in Illinois. Public Act 85-1326 transferred the duties of the Authority to the Illinois Educational Facilities Authority, effective August 31, 1988.

**Source of repayment:** Revenue of the Authority

**Administrative expenses:** Fees apportioned among participating institutions.



**ILLINOIS INDUSTRIAL DEVELOPMENT AUTHORITY: duties transferred to the Illinois Development Finance Authority**

State debt

20 ILCS 3505

Effective September 7, 1979, the Industrial Development Authority Act repealed the Industrial Development Act of 1961 and authorized industrial development bonds (IDBs) for the purpose of creating funds for loans or the purchase of property for lease for industrial, commercial, and manufacturing development. The first bonds were sold August 1, 1979. P.A. 83-0669, effective September 23, 1983, amended this Act to create the Illinois Development Financing Authority.

**Source of repayment:** Authority revenue.

**Administrative expenses:** Authority revenue.

**Additional sources of information:** IRS Code, Section 103(b)

**McCORMICK PLACE – METROPOLITAN FAIR & EXPOSITION RECONSTRUCTION AUTHORITY: obsolete**

Local Debt

70 ILCS 215

After McCormick Place was substantially destroyed by fire in 1967, this act provided for the issuance of \$40 million in authority revenue bonds, which yielded \$28 million of the amount needed to rebuild the center. These bonds were retired in 1976 (FY 1977).

**Source of repayment:** Interest from 1968-1972 was paid from the \$10 million received from the sale of the bonds that was set aside for that purpose; principal and interest from 1973-1976 was payable from State appropriation from the Metropolitan Fair and Exposition Reconstruction Fund.

**Administrative expenses:** Authority.

**McCORMICK PLACE – METROPOLITAN FAIR & EXPOSITION  
AUTHORITY: defeased**

Local debt

70 ILCS 210

The Metropolitan Fair & Exposition Authority Act, created July 1, 1955, authorized the construction of McCormick Place. The law gives the authority ongoing power to issue revenue bonds. From 1958 to 1967, \$41.8 million in revenue bonds were issued in three separate issues.

**Source of repayment.** Operating revenues and/or State appropriations from the Fair and Exposition Fund, administered by the Department of Agriculture. Public Act 83-1129, July 3, 1984, provided for defeasance of the bonds outstanding from the three issues.

**Administrative expenses:** Authority.

**McCORMICK PLACE – METROPOLITAN FAIR & EXPOSITION  
AUTHORITY EXPANSION: authority transferred to Metropolitan Pier and  
Exposition Authority**

Local debt

70 ILCS 210/13.2

The Metropolitan Fair & Exposition Authority Act was amended in FY 1984 to allow for State support of authority revenue and refunding bonds to be issued for the expansion of McCormick Place. The Act was amended again in FY 1985 to increase the amount of State support and make other changes. Effective July 2, 1989, the scope of this authority was increased to include the development of Navy Pier and the name changed to the Metropolitan Pier & Exposition Authority.

**Source of repayment:** State appropriation to the Authority from the Metropolitan Fair and Exposition Authority Improvement Bond Fund, which receives transfers from the Build Illinois Fund.

**Administrative expenses:** Authority.

**PUBLIC WELFARE BUILDING BONDS: debt retired**

State debt

30 ILCS 400

In November 1960, a majority of those voting in the general election authorized the sale of \$150 million in Public Welfare Building Bonds to finance improvements at State mental health and other public welfare institutions. These bonds were issued in three sales in 1962 and 1963 in conjunction with the University Building Bonds. The final debt service payments for these bonds were made in FY 1988.

**Source of repayment:** By appropriation from the Public Welfare Building Bond Interest and Retirement Fund, which received transfers from the General Revenue Fund.

**Administrative expenses:** Not applicable.

**ST. LOUIS METROPOLITAN AREA AIRPORT AUTHORITY: repealed**

State debt

IRS Ch. 15-1/2

Created July 1, 1970, this authority was charged with the acquisition, construction, operation, and maintenance of airports in the St. Louis metropolitan area (Illinois counties of Bond, Clinton, Madison, Monroe, and St. Clair) with the power to issue revenue bonds (no limit) in anticipation of revenues received. Various site feasibility studies were conducted until the agency was disbanded August 29, 1980. No bonds were issued. Public Act 84-350 repealed this Act.

**Source of repayment:** Income from operation of airports.

**Administrative expense:** Appropriation from General Revenue.

**STATE PARKS REVENUE BOND COMMISSION: inactive**

State debt

30 ILCS 380

Effective August 8, 1963, the State Parks Revenue Bond Act authorized the Commission to sell revenue bonds to finance the acquisition of land or buildings for revenue producing facilities in then existing or thereafter acquired state parks and specifies a limit of \$9 million in principal outstanding at any one time. The Commission has never been established.

**Source of repayment:** Revenue produced by the facilities constructed.

**Administrative expenses:** Revenues of the authority.

**UNIVERSITY BUILDING BONDS: debt retired**

State debt

30 ILCS 395

In November 1960, a majority of those voting in the general election authorized the sale of \$195 million in University Building Bonds to finance permanent improvements at State-owned institutions of higher education. These bonds were issued in three sales in 1962 and 1963 in conjunction with Public Welfare Bonds. The final debt service payments for these bonds were made in FY 1988.

**Source of repayment:** By appropriation from the Universities Building Bond Interest and Retirement Fund, which received transfers from the General Revenue Fund.

**Administrative expenses:** Not applicable.

## **BACKGROUND**

The Illinois Economic and Fiscal Commission, a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans; and
- 5) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission  
703 Stratton Office Building  
Springfield, Illinois 62706  
(217) 782-5320  
(217) 782-3513 (FAX)