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LEGISLATIVE UPDATE...

SB 1909 – STAR Bond Financing Act Update 9/1/09:

We last reported to you on Senate Bill 1909, which creates the STAR Bond Financing Act, on June 1, 2009. [Click here to see our prior reports on Star Bonds.](#) On that date, the latest amended version of the Bill passed in both the Senate and the House and was forwarded on to the Governor Pat Quinn for final consideration. On August 28, 2009, Governor Quinn issued an Amendatory Veto of Senate Bill 1909 along with an accompanying statement explaining the reason for this action.

While the Governor indicated his general support of the Bill and expressed gratitude for what the sponsors have been trying to accomplish with this legislation in creating new jobs and spurring economic growth, he proposes one final amendment to the Bill that he believes will limit the State's risk of loss from STAR Bond Financing, an important consideration in the face of this economic crisis. Towards that end, the proposed amendment would replace the language making "all of the State sales tax increment," eligible to be used as revenue to pay off STAR bonds, with language making "up to 50% of the State sales tax increment, but not to exceed 50% of the total project costs," eligible to be used to pay off STAR bonds.

Although this was his only specific recommendation, Governor Quinn also notes that there are still other issues in need of attention that he hopes will be addressed as the Bill is sent back to the House and the Senate for approval. These issues include the potential environmental impact of this bill, and the need for development of corporate standards for those who may participate in STAR Bond financed projects.

As a result of the Governor's Amendatory Veto, the Bill must be set for a veto session. The next such session is scheduled to begin October 14, 2009, but there is no guarantee that the Bill will make it on the agenda in time to be considered during this session. During the veto session, the legislature must choose between one of three options. First, it may choose to take no action and simply let the bill die. Second, it may choose to override the Governor's Amendatory Veto altogether and vote to pass SB 1909 as is. Third, it may accept the Governor's proposed amendment and vote SB 1909 into law.

Regardless of what happens during the veto session, the Governor's Amendatory Veto has certainly put a serious delay on proposed development projects in the works in downstate Illinois.

This information is provided by Paul S. Nicolosi, JD. Mr. Nicolosi holds a degree in Political Science with an emphasis in business and economics from Loyola University of Chicago (1987) and a law degree from Northern Illinois University (1990). Upon graduation from law school, Mr. Nicolosi became partner at his family's sixty year old law firm, [Nicolosi & Associates, LLC](#), and a principal at the firm's affiliated consulting business, [The Buckley Companies](#). Together, these two organizations provide comprehensive public finance planning under the name "[EDCon Services](#)".

Mr. Nicolosi is a regular speaker at the IML's annual conference on municipal finance issues and is a former member of the IML's legislative committee. Mr. Nicolosi's articles on public finance topics have been published by IML's Review Magazine. He is also a speaker for the Illinois TIF Association and an active member of the National League of Cities' (NLC) committee on Public Finance.

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