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## **Judge Slams Petition Challenging Illinois Bonds as Political.**

CHICAGO — An Illinois judge on Thursday ruled that a petition by taxpayers aiming to challenge the constitutionality of \$16 billion of the state's general obligation bonds was political in nature and cannot proceed in court.

Sangamon County Circuit Court Associate Judge Jack Davis II denied the petition filed in July by the head of an Illinois-based conservative think tank, along with an investment firm.

"Indeed, it resembles far more of a political stump speech than it does a legal pleading," the ruling stated. It added that allowing a complaint to be filed "would result in an unjustified interference with the application of public funds."

John Tillman, CEO of the Illinois Policy Institute, and New York-based investment firm Warlander Asset Management, which owns \$25 million of unchallenged Illinois bonds, had sought the court's permission to file a taxpayer lawsuit against state officials to stop billions of dollars in future payments on the approximately \$14.35 billion of bonds that remain outstanding.

Tillman said the ruling will be appealed.

"It was premature for the court to decide the case on the merits at the petition stage," he said in a statement, adding he was confident he will prevail.

Meanwhile, Democratic Governor J.B. Pritzker's office said it was pleased "the judge repudiated this sham lawsuit brought on by the same far-right actors whose pathological desire to bankrupt the state brought us four years of devastation under (former Republican Governor) Bruce Rauner."

The petition claimed bonds Illinois sold in 2003 and 2017 violated the state constitution because the proceeds were not used to fund specific purposes like capital improvements.

Illinois used proceeds from 2003's \$10 billion bond sale for its underfunded employees retirement system. Money from \$6 billion of bonds sold in 2017 was used to pay overdue bills that had reached a record-high \$16.67 billion as a result of a two-year state budget impasse between Rauner and Democrats who control the legislature.

News of the litigation had pushed yields on the state's bonds higher in the U.S. municipal market, where Illinois already pays the biggest yield penalty among states due to its financial woes and low credit ratings.

Ted Hampton, an analyst at Moody's Investors Service, which rates Illinois one notch above junk, called the ruling a positive development, while noting that an appeal "could still complicate the state's near-term debt issuance plans."

Those plans include \$1.2 billion of general obligation bonds to dent the state's big unpaid bill backlog.

**By Reuters**

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(Reporting by Karen Pierog in Chicago; Editing by Matthew Lewis and Lisa Shumaker)

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