

Illinois Compiled Statutes
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DIVISION 74.4.
TAX INCREMENT ALLOCATION
REDEVELOPMENT ACT

Effective Date: 7/23/03

This copy of the Tax Increment Allocation Redevelopment Act (the "Act") has been formatted for convenient referencing of the Act. Underlined and bold text within this copy has been added to assist the reader in locating sections and summarizing purposes of paragraphs. Underlined and bold text does not reference amendments to the Act.

This copy includes text from the July 23, 2003 enactment of SB 417 (PA 93-0298).
These text changes are NOT underlined and are instead **highlighted**.
Effective Date of Changes: 7/23/03

Complimentary copy

Formatted for convenient referencing by
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August 3, 2003

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DIVISION 74.4. TAX INCREMENT ALLOCATION REDEVELOPMENT ACT

65 ILCS 5/11-74.4-1

Sec. 11-74.4-1. This Division 74.4 shall be known and may be cited as the "**Tax Increment Allocation Redevelopment Act**".

(Source: P.A. 84-1417.)

(65 ILCS 5/11-74.4-2)

Sec. 11-74.4-2. (a) It is hereby found and declared that there exist in many municipalities within this State blighted conservation and industrial park conservation areas, as defined herein; that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked; that the stable economic and physical development of the blighted areas, conservation areas and industrial park conservation areas is endangered by the presence of blighting factors as manifested by progressive and advanced deterioration of structures, by the overuse of housing and other facilities, by a lack of physical maintenance of existing structures, by obsolete and inadequate community facilities and a lack of sound community planning, by obsolete platting, diversity of ownership, excessive tax and special assessment delinquencies, by the growth of a large surplus of workers who lack the skills to meet existing or potential employment opportunities or by a combination of these factors; that as a result of the existence of blighted areas and areas requiring conservation, there is an excessive and disproportionate expenditure of public funds, inadequate public and private investment, unmarketability of property, growth in delinquencies and crime, and housing and zoning law violations in such areas together with an abnormal exodus of families and businesses so that the decline of these areas impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in such areas, and threatens the health, safety, morals, and welfare of the public and that the industrial park conservation areas include under-utilized areas which, if developed as industrial parks, will promote industrial and transportation activities, thereby reducing the evils attendant upon involuntary unemployment and enhancing the public health and welfare of this State.

(b) It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas. The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas by redevelopment projects is hereby declared to be essential to the public interest.

(c) It is found and declared that the use of incremental tax revenues derived from the tax rates of various taxing districts in redevelopment project areas for the payment of redevelopment project costs is of benefit to said taxing districts for the reasons that taxing districts located in redevelopment project areas would not derive the benefits of an increased assessment base without the benefits of tax increment financing, all surplus tax revenues are turned over to the taxing districts in redevelopment project areas and all said districts benefit from the removal of blighted conditions, the eradication of conditions requiring conservation measures, and the development of industrial parks.

(Source: P.A. 84-1090.)

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and
<http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

DEFINITIONS, SEC. 11-74.4-3

(65 ILCS 5/11-74.4-3)

Sec. 11-74.4-3. Definitions.

The following terms, wherever used or referred to in this Division 74.4 shall have the following respective meanings, unless in any case a different meaning clearly appears from the context.

(a) For any redevelopment project area that has been designated pursuant to this Section by an ordinance adopted prior to November 1, 1999 (the effective date of Public Act 91-478), "**blighted area**" shall have the meaning set forth in this Section prior to that date. On and after November 1, 1999, "**blighted area**" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

(1) **If improved**, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area:

- A. **Dilapidation.** An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- B. **Obsolescence.** The condition or process of falling into disuse. Structures have become ill-suited for the original use.
- C. **Deterioration.** With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.
- D. **Presence of structures below minimum code standards.** All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.
- E. **Illegal use of individual structures.** The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

- F. Excessive vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.
- G. Lack of ventilation, light, or sanitary facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- H. Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.
- I. Excessive land coverage and overcrowding of structures and community facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: (i) the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and (ii) the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.
- J. Deleterious land use or layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.
- K. Environmental clean-up. The proposed redevelopment project area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- L. Lack of community planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's

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development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

- M. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

(2) If vacant, the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- A. Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.
- B. Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.
- C. Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.
- D. Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- E. The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- F. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban

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Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

(3) **If vacant**, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

- A. The area consists of one or more unused quarries, mines, or strip mine ponds.
- B. The area consists of unused railyards, rail tracks, or railroad rights-of-way.
- C. The area, prior to its designation, is subject to **chronic flooding** that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency **or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.**
- D. The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.
- E. Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.
- F. The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

(b) For any redevelopment project area that has been designated pursuant to this Section by an ordinance adopted prior to November 1, 1999 (the effective date of Public Act 91-478), "**conservation area**" shall have the meaning set forth in this Section prior to that date. On and after November 1, 1999, "**conservation area**" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area:

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

- (1) Dilapidation. An advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.
- (2) Obsolescence. The condition or process of falling into disuse. Structures have become ill-suited for the original use.
- (3) Deterioration. With respect to buildings, defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces.
- (4) Presence of structures below minimum code standards. All structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.
- (5) Illegal use of individual structures. The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.
- (6) Excessive vacancies. The presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.
- (7) Lack of ventilation, light, or sanitary facilities. The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.
- (8) Inadequate utilities. Underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.
- (9) Excessive land coverage and overcrowding of structures and community facilities. The over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an

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area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

- (10) Deleterious land use or layout. The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.
- (11) Lack of community planning. The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.
- (12) The area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
- (13) The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

(c) **"Industrial park"** means an area in a blighted or conservation area suitable for use by any manufacturing, industrial, research or transportation enterprise, of facilities to include but not be limited to factories, mills, processing plants, assembly plants, packing plants, fabricating plants, industrial distribution centers, warehouses, repair overhaul or service facilities, freight terminals, research facilities, test facilities or railroad facilities.

(d) **"Industrial park conservation area"** means an area within the boundaries of a redevelopment project area located within the territorial limits of a municipality that is a labor surplus municipality or within 1 1/2 miles of the territorial limits of a municipality that is a labor surplus municipality if the area is annexed to the municipality; which area is zoned as industrial no

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later than at the time the municipality by ordinance designates the redevelopment project area, and which area includes both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.

(e) "**Labor surplus municipality**" means a municipality in which, at any time during the 6 months before the municipality by ordinance designates an industrial park conservation area, the unemployment rate was over 6% and was also 100% or more of the national average unemployment rate for that same time as published in the United States Department of Labor Bureau of Labor Statistics publication entitled "The Employment Situation" or its successor publication. For the purpose of this subsection, if unemployment rate statistics for the municipality are not available, the unemployment rate in the municipality shall be deemed to be the same as the unemployment rate in the principal county in which the municipality is located.

(f) "**Municipality**" shall mean a city, village or incorporated town.

(g) "**Initial Sales Tax Amounts**" means the amount of taxes paid under the Retailers' Occupation Tax Act, Use Tax Act, Service Use Tax Act, the Service Occupation Tax Act, the Municipal Retailers' Occupation Tax Act, and the Municipal Service Occupation Tax Act by retailers and servicemen on transactions at places located in a State Sales Tax Boundary during the calendar year 1985.

(g-1) "**Revised Initial Sales Tax Amounts**" means the amount of taxes paid under the Retailers' Occupation Tax Act, Use Tax Act, Service Use Tax Act, the Service Occupation Tax Act, the Municipal Retailers' Occupation Tax Act, and the Municipal Service Occupation Tax Act by retailers and servicemen on transactions at places located within the State Sales Tax Boundary revised pursuant to Section 11-74.4-8a(9) of this Act.

(h) "**Municipal Sales Tax Increment**" means an amount equal to the increase in the aggregate amount of taxes paid to a municipality from the Local Government Tax Fund arising from sales by retailers and servicemen within the redevelopment project area or State Sales Tax Boundary, as the case may be, for as long as the redevelopment project area or State Sales Tax Boundary, as the case may be, exist over and above the aggregate amount of taxes as certified by the Illinois Department of Revenue and paid under the Municipal Retailers' Occupation Tax Act and the Municipal Service Occupation Tax Act by retailers and servicemen, on transactions at places of business located in the redevelopment project area or State Sales Tax Boundary, as the case may be, during the base year which shall be the calendar year immediately prior to the year in which the municipality adopted tax increment allocation financing. For purposes of computing the aggregate amount of such taxes for base years occurring prior to 1985, the Department of Revenue shall determine the Initial Sales Tax Amounts for such taxes and deduct therefrom an amount equal to 4% of the aggregate amount of taxes per year for each year the base year is prior to 1985, but not to exceed a total deduction of 12%. The amount so determined shall be known as the "**Adjusted Initial Sales Tax Amounts**". For purposes of determining the Municipal Sales Tax Increment, the Department of Revenue shall for each period subtract from the amount paid to the municipality from the Local Government Tax Fund arising from sales by retailers and servicemen on transactions located in the redevelopment project area or the State Sales Tax Boundary, as the case may be, the certified Initial Sales Tax Amounts, the Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts for the Municipal Retailers' Occupation Tax Act and the Municipal Service Occupation Tax Act. For the State Fiscal Year 1989, this calculation shall be made by utilizing the calendar year 1987 to determine the tax amounts received. For the State

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Fiscal Year 1990, this calculation shall be made by utilizing the period from January 1, 1988, until September 30, 1988, to determine the tax amounts received from retailers and servicemen pursuant to the Municipal Retailers' Occupation Tax and the Municipal Service Occupation Tax Act, which shall have deducted therefrom nine-twelfths of the certified Initial Sales Tax Amounts, the Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts as appropriate. For the State Fiscal Year 1991, this calculation shall be made by utilizing the period from October 1, 1988, to June 30, 1989, to determine the tax amounts received from retailers and servicemen pursuant to the Municipal Retailers' Occupation Tax and the Municipal Service Occupation Tax Act which shall have deducted therefrom nine-twelfths of the certified Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts as appropriate. For every State Fiscal Year thereafter, the applicable period shall be the 12 months beginning July 1 and ending June 30 to determine the tax amounts received which shall have deducted therefrom the certified Initial Sales Tax Amounts, the Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts, as the case may be.

(i) **"Net State Sales Tax Increment"** means the sum of the following: (a) 80% of the first \$100,000 of State Sales Tax Increment annually generated within a State Sales Tax Boundary; (b) 60% of the amount in excess of \$100,000 but not exceeding \$500,000 of State Sales Tax Increment annually generated within a State Sales Tax Boundary; and (c) 40% of all amounts in excess of \$500,000 of State Sales Tax Increment annually generated within a State Sales Tax Boundary. If, however, a municipality established a tax increment financing district in a county with a population in excess of 3,000,000 before January 1, 1986, and the municipality entered into a contract or issued bonds after January 1, 1986, but before December 31, 1986, to finance redevelopment project costs within a State Sales Tax Boundary, then the Net State Sales Tax Increment means, for the fiscal years beginning July 1, 1990, and July 1, 1991, 100% of the State Sales Tax Increment annually generated within a State Sales Tax Boundary; and notwithstanding any other provision of this Act, for those fiscal years the Department of Revenue shall distribute to those municipalities 100% of their Net State Sales Tax Increment before any distribution to any other municipality and regardless of whether or not those other municipalities will receive 100% of their Net State Sales Tax Increment. For Fiscal Year 1999, and every year thereafter until the year 2007, for any municipality that has not entered into a contract or has not issued bonds prior to June 1, 1988 to finance redevelopment project costs within a State Sales Tax Boundary, the Net State Sales Tax Increment shall be calculated as follows: By multiplying the Net State Sales Tax Increment by 90% in the State Fiscal Year 1999; 80% in the State Fiscal Year 2000; 70% in the State Fiscal Year 2001; 60% in the State Fiscal Year 2002; 50% in the State Fiscal Year 2003; 40% in the State Fiscal Year 2004; 30% in the State Fiscal Year 2005; 20% in the State Fiscal Year 2006; and 10% in the State Fiscal Year 2007. No payment shall be made for State Fiscal Year 2008 and thereafter.

Municipalities that issued bonds in connection with a redevelopment project in a redevelopment project area within the State Sales Tax Boundary prior to July 29, 1991, or that entered into contracts in connection with a redevelopment project in a redevelopment project area before June 1, 1988, shall continue to receive their proportional share of the Illinois Tax Increment Fund distribution until the date on which the redevelopment project is completed or terminated. If, however, a municipality that issued bonds in connection with a redevelopment project in a redevelopment project area within the State Sales Tax Boundary prior to July 29, 1991 retires the bonds prior to June 30, 2007 or a municipality that entered into contracts in connection with a redevelopment project in a redevelopment project area before June 1, 1988 completes the contracts prior to June 30, 2007, then so long as the redevelopment project is not completed or is

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

not terminated, the Net State Sales Tax Increment shall be calculated, beginning on the date on which the bonds are retired or the contracts are completed, as follows: By multiplying the Net State Sales Tax Increment by 60% in the State Fiscal Year 2002; 50% in the State Fiscal Year 2003; 40% in the State Fiscal Year 2004; 30% in the State Fiscal Year 2005; 20% in the State Fiscal Year 2006; and 10% in the State Fiscal Year 2007. No payment shall be made for State Fiscal Year 2008 and thereafter. Refunding of any bonds issued prior to July 29, 1991, shall not alter the Net State Sales Tax Increment.

(j) **"State Utility Tax Increment Amount"** means an amount equal to the aggregate increase in State electric and gas tax charges imposed on owners and tenants, other than residential customers, of properties located within the redevelopment project area under Section 9-222 of the Public Utilities Act, over and above the aggregate of such charges as certified by the Department of Revenue and paid by owners and tenants, other than residential customers, of properties within the redevelopment project area during the base year, which shall be the calendar year immediately prior to the year of the adoption of the ordinance authorizing tax increment allocation financing.

(k) **"Net State Utility Tax Increment"** means the sum of the following: (a) 80% of the first \$100,000 of State Utility Tax Increment annually generated by a redevelopment project area; (b) 60% of the amount in excess of \$100,000 but not exceeding \$500,000 of the State Utility Tax Increment annually generated by a redevelopment project area; and (c) 40% of all amounts in excess of \$500,000 of State Utility Tax Increment annually generated by a redevelopment project area. For the State Fiscal Year 1999, and every year thereafter until the year 2007, for any municipality that has not entered into a contract or has not issued bonds prior to June 1, 1988 to finance redevelopment project costs within a redevelopment project area, the Net State Utility Tax Increment shall be calculated as follows: By multiplying the Net State Utility Tax Increment by 90% in the State Fiscal Year 1999; 80% in the State Fiscal Year 2000; 70% in the State Fiscal Year 2001; 60% in the State Fiscal Year 2002; 50% in the State Fiscal Year 2003; 40% in the State Fiscal Year 2004; 30% in the State Fiscal Year 2005; 20% in the State Fiscal Year 2006; and 10% in the State Fiscal Year 2007. No payment shall be made for the State Fiscal Year 2008 and thereafter.

Municipalities that issue bonds in connection with the redevelopment project during the period from June 1, 1988 until 3 years after the effective date of this Amendatory Act of 1988 shall receive the Net State Utility Tax Increment, subject to appropriation, for 15 State Fiscal Years after the issuance of such bonds. For the 16th through the 20th State Fiscal Years after issuance of the bonds, the Net State Utility Tax Increment shall be calculated as follows: By multiplying the Net State Utility Tax Increment by 90% in year 16; 80% in year 17; 70% in year 18; 60% in year 19; and 50% in year 20. Refunding of any bonds issued prior to June 1, 1988, shall not alter the revised Net State Utility Tax Increment payments set forth above.

(l) **"Obligations"** mean bonds, loans, debentures, notes, special certificates or other evidence of indebtedness issued by the municipality to carry out a redevelopment project or to refund outstanding obligations.

(m) **"Payment in lieu of taxes"** means those estimated tax revenues from real property in a redevelopment project area derived from real property that has been acquired by a municipality which according to the redevelopment project or plan is to be used for a private use which taxing districts would have received had a municipality not acquired the real property and adopted tax

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increment allocation financing and which would result from levies made after the time of the adoption of tax increment allocation financing to the time the current equalized value of real property in the redevelopment project area exceeds the total initial equalized value of real property in said area.

(n) "**Redevelopment plan**" means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area. On and after November 1, 1999 (the effective date of Public Act 91-478), no redevelopment plan may be approved or amended that includes the development of vacant land (i) with a golf course and related clubhouse and other facilities or (ii) designated by federal, State, county, or municipal government as public land for outdoor recreational activities or for nature preserves and used for that purpose within 5 years prior to the adoption of the redevelopment plan. For the purpose of this subsection, "**recreational activities**" is limited to mean camping and hunting. Each redevelopment plan shall set forth in writing the program to be undertaken to accomplish the objectives and shall include but not be limited to:

- A. an itemized list of estimated redevelopment project costs;
- B. evidence indicating that the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise;
- C. an assessment of any financial impact of the redevelopment project area on or any increased demand for services from any taxing district affected by the plan and any program to address such financial impact or increased demand;
- D. the sources of funds to pay costs;
- E. the nature and term of the obligations to be issued;
- F. the most recent equalized assessed valuation of the redevelopment project area;
- G. an estimate as to the equalized assessed valuation after redevelopment and the general land uses to apply in the redevelopment project area;
- H. a commitment to fair employment practices and an affirmative action plan;
- I. if it concerns an industrial park conservation area, the plan shall also include a general description of any proposed developer, user and tenant of any property, a description of the type, structure and general character of the facilities to be developed, a description of the type, class and number of new employees to be employed in the operation of the facilities to be developed; and
- J. if property is to be annexed to the municipality, the plan shall include the terms of the annexation agreement.

The provisions of items (B) and (C) of this subsection (n) shall not apply to a municipality that before March 14, 1994 (the effective date of Public Act 88-537) had fixed, either by its corporate authorities or by a commission designated under subsection (k) of Section 11-74.4-4, a time and place for a public hearing as required by subsection (a) of Section 11-74.4-5. No redevelopment plan shall be adopted unless a municipality complies with all of the following requirements:

- (1) The municipality finds that the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would

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not reasonably be anticipated to be developed without the adoption of the redevelopment plan.

- (2) The municipality finds that the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the redevelopment plan and project was adopted, the redevelopment plan and project either: (i) conforms to the strategic economic development or redevelopment plan issued by the designated planning authority of the municipality, or (ii) includes land uses that have been approved by the planning commission of the municipality.

- (3) The redevelopment plan establishes the estimated dates of completion of the redevelopment project and retirement of obligations issued to finance redevelopment project costs. Those dates shall not be later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted if the ordinance was adopted on or after January 15, 1981, and not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this Act is to be made with respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which the ordinance approving the redevelopment project area is adopted:
 - A. if the ordinance was adopted before January 15, 1981, or
 - B. if the ordinance was adopted in December 1983, April 1984, July 1985, or December 1989, or
 - C. if the ordinance was adopted in December 1987 and the redevelopment project is located within one mile of Midway Airport, or
 - D. if the ordinance was adopted before January 1, 1987 by a municipality in Mason County, or
 - E. if the municipality is subject to the Local Government Financial Planning and Supervision Act or the Financially Distressed City Law, or
 - F. if the ordinance was adopted in December 1984 by the Village of Rosemont, or
 - G. if the ordinance was adopted on December 31, 1986 by a municipality located in Clinton County for which at least \$250,000 of tax increment bonds were authorized on June 17, 1997, or if the ordinance was adopted on December 31, 1986 by a municipality with a population in 1990 of less than 3,600 that is located in a county with a population in 1990 of less than 34,000 and for which at least \$250,000 of tax increment bonds were authorized on June 17, 1997, or
 - H. if the ordinance was adopted on October 5, 1982 by the City of Kankakee, or if the ordinance was adopted on December 29, 1986 by East St. Louis, or
 - I. if the ordinance was adopted on November 12, 1991 by the Village of Sauget, or
 - J. if the ordinance was adopted on February 11, 1985 by the City of Rock Island, or
 - K. if the ordinance was adopted before December 18, 1986 by the City of Moline, or

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- L. if the ordinance was adopted in September 1988 by Sauk Village, or
- M. if the ordinance was adopted in October 1993 by Sauk Village, or
- N. if the ordinance was adopted on December 29, 1986 by the City of Galva, or
- O. if the ordinance was adopted in March 1991 by the City of Centreville, or
- P. if the ordinance was adopted on January 23, 1991 by the City of East St. Louis, or
- Q. if the ordinance was adopted on December 22, 1986 by the City of Aledo, or
- R. if the ordinance was adopted on February 5, 1990 by the City of Clinton, or
- S. if the ordinance was adopted on September 6, 1994 by the City of Freeport, or
- T. if the ordinance was adopted on December 22, 1986 by the City of Tuscola, or
- U. if the ordinance was adopted on December 23, 1986 by the City of Sparta, or
- V. if the ordinance was adopted on December 23, 1986 by the City of Beardstown, or
- W. if the ordinance was adopted on April 27, 1981, October 21, 1985, or December 30, 1986 by the City of Belleville
- X. if the ordinance was adopted on December 29, 1986 by the City of Collinsville
- Y. if the ordinance was adopted on September 14, 1994 by the City of Alton
- Z. if the ordinance was adopted on November 11, 1996 by the City of Lexington
- AA. if the ordinance was adopted on November 5, 1984 by the City of Beary
- BB. if the ordinance was adopted on April 3, 1991 or June 8, 1992 by the City of Markham

However, for redevelopment project areas for which bonds were issued before July 29, 1991, or for which contracts were entered into before June 1, 1988, in connection with a redevelopment project in the area within the State Sales Tax Boundary, the estimated dates of completion of the redevelopment project and retirement of obligations to finance redevelopment project costs may be extended by municipal ordinance to December 31, 2013. ~~The termination procedures of subsection (b) of Section 11-74.4-8 are not required for these redevelopment project areas in 2013 but are required in 2014.~~ The extension allowed by this amendatory Act of 1993 shall not apply to real property tax increment allocation financing under Section 11-74.4-8.

A municipality may by municipal ordinance amend an existing redevelopment plan to conform to this paragraph (3) as amended by Public Act 91-478, which municipal ordinance may be adopted without further hearing or notice and without complying with the procedures provided in this Act pertaining to an amendment to or the initial approval of a redevelopment plan and project and designation of a redevelopment project area.

Those dates, for purposes of real property tax increment allocation financing pursuant to Section 11-74.4-8 only, shall be not more than 35 years for redevelopment project areas that were adopted on or after December 16, 1986 and for which at least \$8 million worth of municipal bonds were authorized on or after December 19, 1989 but before January 1, 1990; provided that the municipality elects to extend the life of the redevelopment project area to 35 years by the adoption of an ordinance after at least 14 but not more than 30 days' written notice to the taxing bodies, that would otherwise constitute the joint review board for the redevelopment project area, before the adoption of the ordinance.

Those dates, for purposes of real property tax increment allocation financing pursuant to Section 11-74.4-8 only, shall be not more than 35 years for redevelopment project areas that were established on or after December 1, 1981 but before January 1, 1982 and for which at least \$1,500,000 worth of tax increment revenue bonds were authorized on or after September 30, 1990 but before July 1, 1991; provided that the municipality elects to extend the life of the redevelopment project area to 35 years by the adoption of an ordinance after at least 14 but not more than 30 days' written notice to the taxing bodies, that would otherwise constitute the joint review board for the redevelopment project area, before the adoption of the ordinance.

- (3.5) The municipality finds, in the case of an industrial park conservation area, also that the municipality is a labor surplus municipality and that the implementation of the redevelopment plan will reduce unemployment, create new jobs and by the provision of new facilities enhance the tax base of the taxing districts that extend into the redevelopment project area.
- (4) If any incremental revenues are being utilized under Section 8(a)(1) or 8(a)(2) of this Act in redevelopment project areas approved by ordinance after January 1, 1986, the municipality finds: (a) that the redevelopment project area would not reasonably be developed without the use of such incremental revenues, and (b) that such incremental revenues will be exclusively utilized for the development of the redevelopment project area.
- (5) If the redevelopment plan will not result in displacement of residents from 10 or more inhabited residential units, and the municipality certifies in the plan that such displacement will not result from the plan, a housing impact study need not be performed. If, however, the redevelopment plan would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and no certification is made, then the municipality shall prepare, as part of the separate feasibility report required by subsection (a) of Section 11-74.4-5, a housing impact study.

Part I of the housing impact study shall include (i) data as to whether the residential units are single family or multi-family units, (ii) the number and type of rooms within the units, if that information is available, (iii) whether the units are inhabited or uninhabited, as determined not less than 45 days before the date that the ordinance or resolution required by subsection (a) of Section 11-74.4-5 is passed, and (iv) data as to the racial and ethnic composition of the residents in the inhabited residential units. The data requirement as to the racial and ethnic composition of the residents in the inhabited residential units shall be deemed to be fully satisfied by data from the most recent federal census.

Part II of the housing impact study shall identify the inhabited residential units in the proposed redevelopment project area that are to be or may be removed. If inhabited residential units are to be removed, then the housing impact study shall identify (i) the number and location of those units that will or may be removed, (ii) the municipality's plans for relocation assistance for those residents in the proposed redevelopment project area whose residences are to be removed, (iii) the availability of replacement housing for those residents whose residences are to be removed, and shall identify the

type, location, and cost of the housing, and (iv) the type and extent of relocation assistance to be provided.

- (6) On and after November 1, 1999, the housing impact study required by paragraph (5) shall be incorporated in the redevelopment plan for the redevelopment project area.
- (7) On and after November 1, 1999, no redevelopment plan shall be adopted, nor an existing plan amended, nor shall residential housing that is occupied by households of low-income and very low-income persons in currently existing redevelopment project areas be removed after November 1, 1999 unless the redevelopment plan provides, with respect to inhabited housing units that are to be removed for households of low-income and very low-income persons, affordable housing and relocation assistance not less than that which would be provided under the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and the regulations under that Act, including the eligibility criteria. Affordable housing may be either existing or newly constructed housing. For purposes of this paragraph (7), "**low-income households**", "**very low-income households**", and "**affordable housing**" have the meanings set forth in the Illinois Affordable Housing Act. The municipality shall make a good faith effort to ensure that this affordable housing is located in or near the redevelopment project area within the municipality.
- (8) On and after November 1, 1999, if, after the adoption of the redevelopment plan for the redevelopment project area, any municipality desires to amend its redevelopment plan to remove more inhabited residential units than specified in its original redevelopment plan, that change shall be made in accordance with the procedures in subsection (c) of Section 11-74.4-5.
- (9) For redevelopment project areas designated prior to November 1, 1999, the redevelopment plan may be amended without further joint review board meeting or hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested party registry, to authorize the municipality to expend tax increment revenues for redevelopment project costs defined by paragraphs (5) and (7.5), subparagraphs (E) and (F) of paragraph (11), and paragraph (11.5) of subsection (q) of Section 11-74.4-3, so long as the changes do not increase the total estimated redevelopment project costs set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted.

(o) "**Redevelopment project**" means any public and private development project in furtherance of the objectives of a redevelopment plan. On and after November 1, 1999 (the effective date of Public Act 91-478), no redevelopment plan may be approved or amended that includes the development of vacant land (i) with a golf course and related clubhouse and other facilities or (ii) designated by federal, State, county, or municipal government as public land for outdoor recreational activities or for nature preserves and used for that purpose within 5 years prior to the adoption of the redevelopment plan. For the purpose of this subsection, "recreational activities" is limited to mean camping and hunting.

(p) "**Redevelopment project area**" means an area designated by the municipality, which is not less in the aggregate than 1 1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park

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conservation area or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas.

(q) "Redevelopment project costs" mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan and a redevelopment project. Such costs include, without limitation, the following:

- (1) Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999 (the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years. In addition, "redevelopment project costs" shall not include lobbying expenses. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;
- (1.5) After July 1, 1999, annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment project area or approved a redevelopment plan;
- (1.6) The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
- (2) Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- (3) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;

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- (4) Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either: (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to November 1, 1999 or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- (5) Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (6) Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
- (7) To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the redevelopment plan and project.
- (7.5) For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999, an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually as follows:
 - (A) For foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the

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redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:

- (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.
- (B) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition Charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:
- (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.

- (C) For any school district in a municipality with a population in excess of 1,000,000, the following restrictions shall apply to the reimbursement of increased costs under this paragraph (7.5):
- (i) no increased costs shall be reimbursed unless the school district certifies that each of the schools affected by the assisted housing project is at or over its student capacity;
 - (ii) the amount reimbursable shall be reduced by the value of any land donated to the school district by the municipality or developer, and by the value of any physical improvements made to the schools by the municipality or developer; and
 - (iii) the amount reimbursed may not affect amounts otherwise obligated by the terms of any bonds, notes, or other funding instruments, or the terms of any redevelopment agreement.

Any school district seeking payment under this paragraph (7.5) shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by this paragraph (7.5). By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects;

- (8) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or State law or in order to satisfy subparagraph (7) of subsection (n);
- (9) Payment in lieu of taxes;
- (10) Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1

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of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

- (11) Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
- (A) such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 - (B) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - (C) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - (D) the total of such interest payments paid pursuant to this Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act; and
 - (E) the cost limits set forth in subparagraphs (B) and (D) of paragraph (11) shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act. The percentage of 75% shall be substituted for 30% in subparagraphs (B) and (D) of paragraph (11).
 - (F) Instead of the eligible costs provided by subparagraphs (B) and (D) of paragraph (11), as modified by this subparagraph, and notwithstanding any other provisions of this Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under this Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing.

The eligible costs provided under this subparagraph (F) of paragraph (11) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph (F) of paragraph (11). The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph (F) of paragraph (11) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

- (11.5) If the redevelopment project area is located within a municipality with a population of more than 100,000, the cost of day care services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the municipal, county, or regional median income, adjusted for family size, as the annual income and municipal, county, or regional median income are determined from time to time by the United States Department of Housing and Urban Development.
- (12) Unless explicitly stated herein the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.
- (13) After November 1, 1999 (the effective date of Public Act 91-478), none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment project costs if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, had become economically obsolete, or was no longer a viable location for the retailer or serviceman.

If a special service area has been established pursuant to the Special Service Area Tax Act or Special Service Area Tax Law, then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act or Special Service Area Tax Law may be used within the redevelopment project area for the purposes permitted by that Act or Law as well as the purposes permitted by this Act.

(r) **"State Sales Tax Boundary"** means the redevelopment project area or the amended redevelopment project area boundaries which are determined pursuant to subsection (9) of Section 11-74.4-8a of this Act. The Department of Revenue shall certify pursuant to subsection (9) of Section 11-74.4-8a the appropriate boundaries eligible for the determination of State Sales Tax Increment.

(s) **"State Sales Tax Increment"** means an amount equal to the increase in the aggregate amount of taxes paid by retailers and servicemen, other than retailers and servicemen subject to the Public Utilities Act, on transactions at places of business located within a State Sales Tax Boundary pursuant to the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act, except such portion of such increase that is paid into the State and Local Sales Tax Reform Fund, the Local Government Distributive Fund, the Local Government Tax Fund and the County and Mass Transit District Fund, for as long as State participation exists, over and above the Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts for such taxes as certified by the Department of Revenue and paid under those Acts by retailers and servicemen on transactions at places of business located within the State Sales Tax Boundary during the base year which shall be the calendar year immediately prior to the year in which the municipality adopted tax increment allocation financing, less 3.0% of such amounts generated under the Retailers' Occupation Tax Act, Use Tax Act and Service Use Tax Act and the Service Occupation Tax Act, which sum shall be appropriated to the Department of Revenue to cover its costs of administering and enforcing this Section. For purposes of computing the aggregate amount of such taxes for base years occurring prior to 1985, the Department of Revenue shall compute the Initial Sales Tax Amount for such taxes and deduct therefrom an amount equal to 4% of the aggregate amount of taxes per year for each year the base year is prior to 1985, but not to exceed a total deduction of 12%. The amount so determined shall be known as the **"Adjusted Initial Sales Tax Amount"**. For purposes of determining the State Sales Tax Increment the Department of Revenue shall for each period subtract from the tax amounts received from retailers and servicemen on transactions located in the State Sales Tax Boundary, the certified Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or Revised Initial Sales Tax Amounts for the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act and the Service Occupation Tax Act. For the State Fiscal Year 1989 this calculation shall be made by utilizing the calendar year 1987 to determine the tax amounts received. For the State Fiscal Year 1990, this calculation shall be made by utilizing the period from January 1, 1988, until September 30, 1988, to determine the tax amounts received from retailers and servicemen, which shall have deducted therefrom nine-twelfths of the certified Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts as appropriate. For the State Fiscal Year 1991, this calculation shall be made by utilizing the period from October 1, 1988, until June 30, 1989, to determine the tax amounts received from retailers and servicemen, which shall have deducted therefrom nine-twelfths of the certified Initial State Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts as appropriate. For every State Fiscal Year thereafter, the applicable period shall be the 12 months beginning July 1 and ending on June 30, to determine the tax amounts received which shall have

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

deducted therefrom the certified Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the Revised Initial Sales Tax Amounts. Municipalities intending to receive a distribution of State Sales Tax Increment must report a list of retailers to the Department of Revenue by October 31, 1988 and by July 31, of each year thereafter.

(t) **"Taxing districts"** means counties, townships, cities and incorporated towns and villages, school, road, park, sanitary, mosquito abatement, forest preserve, public health, fire protection, river conservancy, tuberculosis sanitarium and any other municipal corporations or districts with the power to levy taxes.

(u) **"Taxing districts' capital costs"** means those costs of taxing districts for capital improvements that are found by the municipal corporate authorities to be necessary and directly result from the redevelopment project.

(v) As used in subsection (a) of Section 11-74.4-3 of this Act, **"vacant land"** means any parcel or combination of parcels of real property without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, unless the parcel is included in an industrial park conservation area or the parcel has been subdivided; provided that if the parcel was part of a larger tract that has been divided into 3 or more smaller tracts that were accepted for recording during the period from 1950 to 1990, then the parcel shall be deemed to have been subdivided, and all proceedings and actions of the municipality taken in that connection with respect to any previously approved or designated redevelopment project area or amended redevelopment project area are hereby validated and hereby declared to be legally sufficient for all purposes of this Act. For purposes of this Section and only for land subject to the subdivision requirements of the Plat Act, land is subdivided when the original plat of the proposed Redevelopment Project Area or relevant portion thereof has been properly certified, acknowledged, approved, and recorded or filed in accordance with the Plat Act and a preliminary plat, if any, for any subsequent phases of the proposed Redevelopment Project Area or relevant portion thereof has been properly approved and filed in accordance with the applicable ordinance of the municipality.

(w) **"Annual Total Increment"** means the sum of each municipality's annual Net Sales Tax Increment and each municipality's annual Net Utility Tax Increment. The ratio of the Annual Total Increment of each municipality to the Annual Total Increment for all municipalities, as most recently calculated by the Department, shall determine the proportional shares of the Illinois Tax Increment Fund to be distributed to each municipality.

(Source: P.A. 91-261, eff. 7-23-99; 91-477, eff. 8-11-99; 91-478, eff. 11-1-99; 91-642, eff. 8-20-99; 91-763, eff. 6-9-00; 92-263, eff. 8-7-01; 92-406, eff. 1-1-02; 92-624, eff. 7-11-02; 92-651, eff. 7-11-02.)

MUNICIPAL POWERS AND DUTIES, SEC. 11-74.4-4

(65 ILCS 5/11-74.4-4)

Sec. 11-74.4-4. Municipal powers and duties; redevelopment project areas.

A municipality may:

(a) The changes made by this amendatory Act of the 91st General Assembly do not apply to a municipality that, (i) before the effective date of this amendatory Act of the 91st General Assembly, has adopted an ordinance or resolution fixing a time and place for a public hearing under Section 11-74.4-5 or (ii) before July 1, 1999, has adopted an ordinance or resolution providing for a feasibility study under Section 11-74.4-4.1, but has not yet adopted an ordinance approving redevelopment plans and redevelopment projects or designating redevelopment project areas under this Section, until after that municipality adopts an ordinance approving redevelopment plans and redevelopment projects or designating redevelopment project areas under this Section; thereafter the changes made by this amendatory Act of the 91st General Assembly apply to the same extent that they apply to redevelopment plans and redevelopment projects that were approved and redevelopment projects that were designated before the effective date of this amendatory Act of the 91st General Assembly. By ordinance introduced in the governing body of the municipality within 14 to 90 days from the completion of the hearing specified in Section 11-74.4-5 approve redevelopment plans and redevelopment projects, and designate redevelopment project areas pursuant to notice and hearing required by this Act.

No redevelopment project area shall be designated unless a plan and project are approved prior to the designation of such area and such area shall include only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements. Upon adoption of the ordinances, the municipality shall forthwith transmit to the county clerk of the county or counties within which the redevelopment project area is located a certified copy of the ordinances, a legal description of the redevelopment project area, a map of the redevelopment project area, identification of the year that the county clerk shall use for determining the total initial equalized assessed value of the redevelopment project area consistent with subsection (a) of Section 11-74.4-9, and a list of the parcel or tax identification number of each parcel of property included in the redevelopment project area.

(b) Make and enter into all contracts with property owners, developers, tenants, overlapping taxing bodies, and others necessary or incidental to the implementation and furtherance of its redevelopment plan and project.

Contracts entered into on or after the effective date of this amendatory Act of the 93rd General Assembly shall terminate no later than the last to occur of the estimated dates of completion of the redevelopment project and retirement of the obligations issued to finance redevelopment project costs as required by item (3) of subsection (h) of Section 11-74.4-3. Payments received under contracts entered into by the municipality prior to the effective date of this amendatory Act of the 93rd General Assembly that are received after the redevelopment project area has been terminated by municipal ordinance shall be deposited into a special fund of the municipality to be used for other community redevelopment needs within the redevelopment project area.

(c) Within a redevelopment project area, acquire by purchase, donation, lease or eminent domain; own, convey, lease, mortgage or dispose of land and other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the municipality determines is reasonably necessary to achieve the objectives of the redevelopment plan and project. No conveyance, lease, mortgage, disposition of land or other property owned by a municipality, or agreement relating to the development of such municipal property shall be made except upon the adoption of an ordinance by the corporate authorities of the municipality. Furthermore, no conveyance, lease, mortgage, or other disposition of land owned by a municipality or agreement relating to the development of such municipal property shall be made without making public disclosure of the terms of the disposition and all bids and proposals made in response to the municipality's request. The procedures for obtaining such bids and proposals shall provide reasonable opportunity for any person to submit alternative proposals or bids.

(d) Within a redevelopment project area, clear any area by demolition or removal of any existing buildings and structures.

(e) Within a redevelopment project area, renovate or rehabilitate or construct any structure or building, as permitted under this Act.

(f) Install, repair, construct, reconstruct or relocate streets, utilities and site improvements essential to the preparation of the redevelopment area for use in accordance with a redevelopment plan.

(g) Within a redevelopment project area, fix, charge and collect fees, rents and charges for the use of any building or property owned or leased by it or any part thereof, or facility therein.

(h) Accept grants, guarantees and donations of property, labor, or other things of value from a public or private source for use within a project redevelopment area.

(i) Acquire and construct public facilities within a redevelopment project area, as permitted under this Act.

(j) Incur project redevelopment costs and reimburse developers who incur redevelopment project costs authorized by a redevelopment agreement; provided, however, that on and after the effective date of this amendatory Act of the 91st General Assembly, no municipality shall incur redevelopment project costs (except for planning costs and any other eligible costs authorized by municipal ordinance or resolution that are subsequently included in the redevelopment plan for the area and are incurred by the municipality after the ordinance or resolution is adopted) that are not consistent with the program for accomplishing the objectives of the redevelopment plan as included in that plan and approved by the municipality until the municipality has amended the redevelopment plan as provided elsewhere in this Act.

(k) Create a commission of not less than 5 or more than 15 persons to be appointed by the mayor or president of the municipality with the consent of the majority of the governing board of the municipality. Members of a commission appointed after the effective date of this amendatory Act of 1987 shall be appointed for initial terms of 1, 2, 3, 4 and 5 years, respectively, in such numbers as to provide that the terms of not more than 1/3 of all such members shall expire in any one year.

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

Their successors shall be appointed for a term of 5 years. The commission, subject to approval of the corporate authorities may exercise the powers enumerated in this Section. The commission shall also have the power to hold the public hearings required by this division and make recommendations to the corporate authorities concerning the adoption of redevelopment plans, redevelopment projects and designation of redevelopment project areas.

(l) Make payment in lieu of taxes or a portion thereof to taxing districts. If payments in lieu of taxes or a portion thereof are made to taxing districts, those payments shall be made to all districts within a project redevelopment area on a basis which is proportional to the current collections of revenue which each taxing district receives from real property in the redevelopment project area.

(m) Exercise any and all other powers necessary to effectuate the purposes of this Act.

(n) If any member of the corporate authority, a member of a commission established pursuant to Section 11-74.4-4(k) of this Act, or an employee or consultant of the municipality involved in the planning and preparation of a redevelopment plan, or project for a redevelopment project area or proposed redevelopment project area, as defined in Sections 11-74.4-3(i) through (k) of this Act, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, he or she shall disclose the same in writing to the clerk of the municipality, and shall also so disclose the dates and terms and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the corporate authorities and entered upon the minute books of the corporate authorities. If an individual holds such an interest then that individual shall refrain from any further official involvement in regard to such redevelopment plan, project or area, from voting on any matter pertaining to such redevelopment plan, project or area, or communicating with other members concerning corporate authorities, commission or employees concerning any matter pertaining to said redevelopment plan, project or area. Furthermore, no such member or employee shall acquire of any interest direct, or indirect, in any property in a redevelopment area or proposed redevelopment area after either (a) such individual obtains knowledge of such plan, project or area or (b) first public notice of such plan, project or area pursuant to Section 11-74.4-6 of this Division, whichever occurs first. For the purposes of this subsection, a property interest acquired in a single parcel of property by a member of the corporate authority, which property is used exclusively as the member's primary residence, shall not be deemed to constitute an interest in any property included in a redevelopment area or proposed redevelopment area that was established before December 31, 1989, but the member must disclose the acquisition to the municipal clerk under the provisions of this subsection. For the purposes of this subsection, a month-to-month leasehold interest in a single parcel of property by a member of the corporate authority shall not be deemed to constitute an interest in any property included in any redevelopment area or proposed redevelopment area, but the member must disclose the interest to the municipal clerk under the provisions of this subsection.

(o) Create a Tax Increment Economic Development Advisory Committee to be appointed by the Mayor or President of the municipality with the consent of the majority of the governing board of the municipality, the members of which Committee shall be appointed for initial terms of 1, 2, 3, 4 and 5 years respectively, in such numbers as to provide that the terms of not more than 1/3 of all such members shall expire in any one year. Their successors shall be appointed for a term of 5 years. The Committee shall have none of the powers enumerated in this Section. The Committee shall serve in an advisory capacity only. The Committee may advise the governing Board of the municipality and other municipal officials regarding development issues and opportunities within

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

the redevelopment project area or the area within the State Sales Tax Boundary. The Committee may also promote and publicize development opportunities in the redevelopment project area or the area within the State Sales Tax Boundary.

(p) Municipalities may jointly undertake and perform redevelopment plans and projects and utilize the provisions of the Act wherever they have contiguous redevelopment project areas or they determine to adopt tax increment financing with respect to a redevelopment project area which includes contiguous real property within the boundaries of the municipalities, and in doing so, they may, by agreement between municipalities, issue obligations, separately or jointly, and expend revenues received under the Act for eligible expenses anywhere within contiguous redevelopment project areas or as otherwise permitted in the Act.

(q) Utilize revenues, other than State sales tax increment revenues, received under this Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right of way from, the redevelopment project area from which the revenues are received. Utilize tax increment revenues for eligible costs that are received from a redevelopment project area created under the Industrial Jobs Recovery Law that is either contiguous to, or is separated only by a public right of way from, the redevelopment project area created under this Act which initially receives these revenues. Utilize revenues, other than State sales tax increment revenues, by transferring or loaning such revenues to a redevelopment project area created under the Industrial Jobs Recovery Law that is either contiguous to, or separated only by a public right of way from the redevelopment project area that initially produced and received those revenues; and, if the redevelopment project area (i) was established before the effective date of this amendatory Act of the 91st General Assembly and (ii) is located within a municipality with a population of more than 100,000, utilize revenues or proceeds of obligations authorized by Section 11-74.4-7 of this Act, other than use or occupation tax revenues, to pay for any redevelopment project costs as defined by subsection (q) of Section 11-74.4-3 to the extent that the redevelopment project costs involve public property that is either contiguous to, or separated only by a public right of way from, a redevelopment project area whether or not redevelopment project costs or the source of payment for the costs are specifically set forth in the redevelopment plan for the redevelopment project area.

(r) If no redevelopment project has been initiated in a redevelopment project area within 7 years after the area was designated by ordinance under subsection (a), the municipality shall adopt an ordinance repealing the area's designation as a redevelopment project area; provided, however, that if an area received its designation more than 3 years before the effective date of this amendatory Act of 1994 and no redevelopment project has been initiated within 4 years after the effective date of this amendatory Act of 1994, the municipality shall adopt an ordinance repealing its designation as a redevelopment project area. Initiation of a redevelopment project shall be evidenced by either a signed redevelopment agreement or expenditures on eligible redevelopment project costs associated with a redevelopment project.

(Source: P.A. 91-478, eff. 11-1-99; 91-642, eff. 8-20-99; 92-16, eff. 6-28-01.)

FEASIBILITY STUDY, SEC. 11-74.4-4.1

(65 ILCS 5/11-74.4-4.1)

Sec. 11-74.4-4.1. Feasibility study.

(a) If a municipality by its corporate authorities, or as it may determine by any commission designated under subsection (k) of Section 11-74.4-4, adopts an ordinance or resolution providing for a feasibility study on the designation of an area as a redevelopment project area, a copy of the ordinance or resolution shall immediately be sent to all taxing districts that would be affected by the designation. On and after the effective date of this amendatory Act of the 91st General Assembly, the ordinance or resolution shall include:

- (1) The boundaries of the area to be studied for possible designation as a redevelopment project area.
- (2) The purpose or purposes of the proposed redevelopment plan and project.
- (3) A general description of tax increment allocation financing under this Act.
- (4) The name, phone number, and address of the municipal officer who can be contacted for additional information about the proposed redevelopment project area and who should receive all comments and suggestions regarding the redevelopment of the area to be studied.

(b) If one of the purposes of the planned redevelopment project area should reasonably be expected to result in the displacement of residents from 10 or more inhabited residential units, the municipality shall adopt a resolution or ordinance providing for the feasibility study described in subsection (a). The ordinance or resolution shall also require that the feasibility study include the preparation of the housing impact study set forth in paragraph (5) of subsection (n) of Section 11-74.4-3. If the redevelopment plan will not result in displacement of residents from 10 or more inhabited residential units, and the municipality certifies in the plan that such displacement will not result from the plan, then a resolution or ordinance need not be adopted.

(c) As used in this Section, "feasibility study" means a preliminary report to assist a municipality to determine whether or not tax increment allocation financing is appropriate for effective redevelopment of a proposed redevelopment project area.

(Source: P.A. 91-478, eff. 11-1-99; 92-263, eff. 8-7-01; 92-624, eff. 7-11-02.)

INTERESTED PARTIES REGISTRY, SEC. 11-74.4-4.2

(65 ILCS 5/11-74.4-4.2)

Sec. 11-74.4-4.2. Interested parties registry.

On and after the effective date of this amendatory Act of the 91st General Assembly, the municipality shall by its corporate authority create an "interested parties" registry for activities related to the redevelopment project area. The municipality shall adopt reasonable registration rules and shall prescribe the necessary registration forms for residents and organizations active within the municipality that seek to be placed on the "interested parties" registry. At a minimum, the rules for registration shall provide for a renewable period of registration of not less than 3 years and notification to registered organizations and individuals by mail at the address provided upon registration prior to termination of their registration, unless the municipality decides that it will establish a policy of not terminating interested parties from the registry, in which case no notice will be required. Such rules shall not be used to prohibit or otherwise interfere with the ability of eligible organizations and individuals to register for receipt of information to which they are entitled under this statute, including the information required by:

- (1) subsection (a) of Section 11-74.4-5;
- (2) paragraph (9) of subsection (d) of Section 11-74.4-5; and
- (3) subsection (e) of Section 11-74.4-6.

(Source: P.A. 91-478, eff. 11-1-99.)

NOTICES, FIX HEARING, JRB AND REPORTING, SEC. 11-74.4-5

(65 ILCS 5/11-74.4-5)

Sec. 11-74.4-5. (Notices, Fix Hearing, JRB and Reporting)

(a) The changes made by this amendatory Act of the 91st General Assembly do not apply to a municipality that, (i) before the effective date of this amendatory Act of the 91st General Assembly, has adopted an ordinance or resolution fixing a time and place for a public hearing under this Section or (ii) before July 1, 1999, has adopted an ordinance or resolution providing for a feasibility study under Section 11-74.4-4.1, but has not yet adopted an ordinance approving redevelopment plans and redevelopment projects or designating redevelopment project areas under Section 11-74.4-4, until after that municipality adopts an ordinance approving redevelopment plans and redevelopment projects or designating redevelopment project areas under Section 11-74.4-4; thereafter the changes made by this amendatory Act of the 91st General Assembly apply to the same extent that they apply to redevelopment plans and redevelopment projects that were approved and redevelopment projects that were designated before the effective date of this amendatory Act of the 91st General Assembly.

Prior to the adoption of an ordinance proposing the designation of a redevelopment project area, or approving a redevelopment plan or redevelopment project, the municipality by its corporate authorities, or as it may determine by any commission designated under subsection (k) of Section 11-74.4-4 shall adopt an ordinance or resolution fixing a time and place for public hearing. At least 10 days prior to the adoption of the ordinance or resolution establishing the time and place for the public hearing, the municipality shall make available for public inspection a redevelopment plan or a separate report that provides in reasonable detail the basis for the eligibility of the redevelopment project area. The report along with the name of a person to contact for further information shall be sent within a reasonable time after the adoption of such ordinance or resolution to the affected taxing districts by certified mail. On and after the effective date of this amendatory Act of the 91st General Assembly, the municipality shall print in a newspaper of general circulation within the municipality a notice that interested persons may register with the municipality in order to receive information on the proposed designation of a redevelopment project area or the approval of a redevelopment plan. The notice shall state the place of registration and the operating hours of that place. The municipality shall have adopted reasonable rules to implement this registration process under Section 11-74.4-4.2. The municipality shall provide notice of the availability of the redevelopment plan and eligibility report, including how to obtain this information, by mail within a reasonable time after the adoption of the ordinance or resolution, to all residential addresses that, after a good faith effort, the municipality determines are located outside the proposed redevelopment project area and within 750 feet of the boundaries of the proposed redevelopment project area. This requirement is subject to the limitation that in a municipality with a population of over 100,000, if the total number of residential addresses outside the proposed redevelopment project area and within 750 feet of the boundaries of the proposed redevelopment project area exceeds 750, the municipality shall be required to provide the notice to only the 750 residential addresses that, after a good faith effort, the municipality determines are outside the proposed redevelopment project area and closest to the boundaries of the proposed redevelopment project area. Notwithstanding the foregoing, notice given after August 7, 2001 (the effective date of Public Act 92-263) and before the effective date of this amendatory Act of the 92nd General Assembly to residential addresses within 750 feet of the boundaries of a proposed

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

redevelopment project area shall be deemed to have been sufficiently given in compliance with this Act if given only to residents outside the boundaries of the proposed redevelopment project area. The notice shall also be provided by the municipality, regardless of its population, to those organizations and residents that have registered with the municipality for that information in accordance with the registration guidelines established by the municipality under Section 11-74.4-4.2. At the public hearing any interested person or affected taxing district may file with the municipal clerk written objections to and may be heard orally in respect to any issues embodied in the notice. The municipality shall hear all protests and objections at the hearing and the hearing may be adjourned to another date without further notice other than a motion to be entered upon the minutes fixing the time and place of the subsequent hearing. At the public hearing or at any time prior to the adoption by the municipality of an ordinance approving a redevelopment plan, the municipality may make changes in the redevelopment plan. Changes which (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of or extend the life of the redevelopment project, or (4) increase the number of inhabited residential units to be displaced from the redevelopment project area, as measured from the time of creation of the redevelopment project area, to a total of more than 10, shall be made only after the municipality gives notice, convenes a joint review board, and conducts a public hearing pursuant to the procedures set forth in this Section and in Section 11-74.4-6 of this Act. Changes which do not (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of or extend the life of the redevelopment project, or (4) increase the number of inhabited residential units to be displaced from the redevelopment project area, as measured from the time of creation of the redevelopment project area, to a total of more than 10, may be made without further hearing, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested parties registry, provided for under Section 11-74.4-4.2, and by publication in a newspaper of general circulation within the affected taxing district. Such notice by mail and by publication shall each occur not later than 10 days following the adoption by ordinance of such changes. Hearings with regard to a redevelopment project area, project or plan may be held simultaneously.

(b) Prior to holding a public hearing to approve or amend a redevelopment plan or to designate or add additional parcels of property to a redevelopment project area, the municipality shall convene a joint review board. The board shall consist of a representative selected by each community college district, local elementary school district and high school district or each local community unit school district, park district, library district, township, fire protection district, and county that will have the authority to directly levy taxes on the property within the proposed redevelopment project area at the time that the proposed redevelopment project area is approved, a representative selected by the municipality and a public member. The public member shall first be selected and then the board's chairperson shall be selected by a majority of the board members present and voting. For redevelopment project areas with redevelopment plans or proposed redevelopment plans that would result in the displacement of residents from 10 or more inhabited residential units or that include 75 or more inhabited residential units, the public member shall be a person who resides in the redevelopment project area. If, as determined by the housing impact study provided for in paragraph (5) of subsection (n) of Section 11-74.4-3, or if no housing impact study is required then based on other reasonable data, the majority of residential units are occupied by very low, low, or moderate income households, as defined in Section 3 of the Illinois Affordable Housing Act, the public member shall be a person who resides in very low, low, or moderate income housing within the redevelopment project area. Municipalities with fewer than

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15,000 residents shall not be required to select a person who lives in very low, low, or moderate income housing within the redevelopment project area, provided that the redevelopment plan or project will not result in displacement of residents from 10 or more inhabited units, and the municipality so certifies in the plan. If no person satisfying these requirements is available or if no qualified person will serve as the public member, then the joint review board is relieved of this paragraph's selection requirements for the public member. Within 90 days of the effective date of this amendatory Act of the 91st General Assembly, each municipality that designated a redevelopment project area for which it was not required to convene a joint review board under this Section shall convene a joint review board to perform the duties specified under paragraph (e) of this Section. All board members shall be appointed and the first board meeting shall be held at least 14 days but not more than 28 days after the mailing of notice by the municipality to the taxing districts as required by Section 11-74.4-6(c). Notwithstanding the preceding sentence, a municipality that adopted either a public hearing resolution or a feasibility resolution between July 1, 1999 and July 1, 2000 that called for the meeting of the joint review board within 14 days of notice of public hearing to affected taxing districts is deemed to be in compliance with the notice, meeting, and public hearing provisions of the Act. Such notice shall also advise the taxing bodies represented on the joint review board of the time and place of the first meeting of the board. Additional meetings of the board shall be held upon the call of any member. The municipality seeking designation of the redevelopment project area shall provide administrative support to the board. The board shall review (i) the public record, planning documents and proposed ordinances approving the redevelopment plan and project and (ii) proposed amendments to the redevelopment plan or additions of parcels of property to the redevelopment project area to be adopted by the municipality. As part of its deliberations, the board may hold additional hearings on the proposal. A board's recommendation shall be an advisory, non-binding recommendation. The recommendation shall be adopted by a majority of those members present and voting. The recommendations shall be submitted to the municipality within 30 days after convening of the board. Failure of the board to submit its report on a timely basis shall not be cause to delay the public hearing or any other step in the process of designating or amending the redevelopment project area but shall be deemed to constitute approval by the joint review board of the matters before it.

The board shall base its recommendation to approve or disapprove the redevelopment plan and the designation of the redevelopment project area or the amendment of the redevelopment plan or addition of parcels of property to the redevelopment project area on the basis of the redevelopment project area and redevelopment plan satisfying the plan requirements, the eligibility criteria defined in Section 11-74.4-3, and the objectives of this Act.

The board shall issue a written report describing why the redevelopment plan and project area or the amendment thereof meets or fails to meet one or more of the objectives of this Act and both the plan requirements and the eligibility criteria defined in Section 11-74.4-3. In the event the Board does not file a report it shall be presumed that these taxing bodies find the redevelopment project area and redevelopment plan satisfy the objectives of this Act and the plan requirements and eligibility criteria.

If the board recommends rejection of the matters before it, the municipality will have 30 days within which to resubmit the plan or amendment. During this period, the municipality will meet and confer with the board and attempt to resolve those issues set forth in the board's written report that led to the rejection of the plan or amendment.

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Notwithstanding the resubmission set forth above, the municipality may commence the scheduled public hearing and either adjourn the public hearing or continue the public hearing until a date certain. Prior to continuing any public hearing to a date certain, the municipality shall announce during the public hearing the time, date, and location for the reconvening of the public hearing. Any changes to the redevelopment plan necessary to satisfy the issues set forth in the joint review board report shall be the subject of a public hearing before the hearing is adjourned if the changes would (1) substantially affect the general land uses proposed in the redevelopment plan, (2) substantially change the nature of or extend the life of the redevelopment project, or (3) increase the number of inhabited residential units to be displaced from the redevelopment project area, as measured from the time of creation of the redevelopment project area, to a total of more than 10. Changes to the redevelopment plan necessary to satisfy the issues set forth in the joint review board report shall not require any further notice or convening of a joint review board meeting, except that any changes to the redevelopment plan that would add additional parcels of property to the proposed redevelopment project area shall be subject to the notice, public hearing, and joint review board meeting requirements established for such changes by subsection (a) of Section 11-74.4-5. In the event that the municipality and the board are unable to resolve these differences, or in the event that the resubmitted plan or amendment is rejected by the board, the municipality may proceed with the plan or amendment, but only upon a three-fifths vote of the corporate authority responsible for approval of the plan or amendment, excluding positions of members that are vacant and those members that are ineligible to vote because of conflicts of interest.

(c) After a municipality has by ordinance approved a redevelopment plan and designated a redevelopment project area, the plan may be amended and additional properties may be added to the redevelopment project area only as herein provided. Amendments which (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of the redevelopment project, (4) increase the total estimated redevelopment project costs set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted, (5) add additional redevelopment project costs to the itemized list of redevelopment project costs set out in the redevelopment plan, or (6) increase the number of inhabited residential units to be displaced from the redevelopment project area, as measured from the time of creation of the redevelopment project area, to a total of more than 10, shall be made only after the municipality gives notice, convenes a joint review board, and conducts a public hearing pursuant to the procedures set forth in this Section and in Section 11-74.4-6 of this Act. Changes which do not (1) add additional parcels of property to the proposed redevelopment project area, (2) substantially affect the general land uses proposed in the redevelopment plan, (3) substantially change the nature of the redevelopment project, (4) increase the total estimated redevelopment project cost set out in the redevelopment plan by more than 5% after adjustment for inflation from the date the plan was adopted, (5) add additional redevelopment project costs to the itemized list of redevelopment project costs set out in the redevelopment plan, or (6) increase the number of inhabited residential units to be displaced from the redevelopment project area, as measured from the time of creation of the redevelopment project area, to a total of more than 10, may be made without further public hearing and related notices and procedures including the convening of a joint review board as set forth in Section 11-74.4-6 of this Act, provided that the municipality shall give notice of any such changes by mail to each affected taxing district and registrant on the interested parties registry, provided for under Section 11-74.4-4.2, and by publication in a newspaper of general circulation within the affected taxing district. Such notice by mail and by publication shall each occur not later than 10 days following the adoption by ordinance of such changes.

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(d) After the effective date of this amendatory Act of the 91st General Assembly, a municipality shall submit the following information for each redevelopment project area (i) to the State Comptroller under Section 8-8-3.5 of the Illinois Municipal Code and (ii) to all taxing districts overlapping the redevelopment project area no later than 180 days after the close of each municipal fiscal year or as soon thereafter as the audited financial statements become available and, in any case, shall be submitted before the annual meeting of the Joint Review Board to each of the taxing districts that overlap the redevelopment project area:

- (1) Any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary.
- (1.5) A list of the redevelopment project areas administered by the municipality and, if applicable, the date each redevelopment project area was designated or terminated by the municipality.
- (2) Audited financial statements of the special tax allocation fund once a cumulative total of \$100,000 has been deposited in the fund.
- (3) Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of this Act during the preceding fiscal year.
- (4) An opinion of legal counsel that the municipality is in compliance with this Act.
- (5) An analysis of the special tax allocation fund which sets forth:
 - (A) the balance in the special tax allocation fund at the beginning of the fiscal year;
 - (B) all amounts deposited in the special tax allocation fund by source;
 - (C) an itemized list of all expenditures from the special tax allocation fund by category of permissible redevelopment project cost; and
 - (D) the balance in the special tax allocation fund at the end of the fiscal year including a breakdown of that balance by source and a breakdown of that balance identifying any portion of the balance that is required, pledged, earmarked, or otherwise designated for payment of or securing of obligations and anticipated redevelopment project costs. Any portion of such ending balance that has not been identified or is not identified as being required, pledged, earmarked, or otherwise designated for payment of or securing of obligations or anticipated redevelopment projects costs shall be designated as surplus as set forth in Section 11-74.4-7 hereof.
- (6) A description of all property purchased by the municipality within the redevelopment project area including:
 - (A) Street address.
 - (B) Approximate size or description of property.

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- (C) Purchase price.
 - (D) Seller of property.
- (7) A statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including:
- (A) Any project implemented in the preceding fiscal year.
 - (B) A description of the redevelopment activities undertaken.
 - (C) A description of any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary.
 - (D) Additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan.
 - (E) Information regarding contracts that the municipality's tax increment advisors or consultants have entered into with entities or persons that have received, or are receiving, payments financed by tax increment revenues produced by the same redevelopment project area.
 - (F) Any reports submitted to the municipality by the joint review board.
 - (G) A review of public and, to the extent possible, private investment actually undertaken to date after the effective date of this amendatory Act of the 91st General Assembly and estimated to be undertaken during the following year. This review shall, on a project-by-project basis, set forth the estimated amounts of public and private investment incurred after the effective date of this amendatory Act of the 91st General Assembly and provide the ratio of private investment to public investment to the date of the report and as estimated to the completion of the redevelopment project.
- (8) With regard to any obligations issued by the municipality:
- (A) copies of any official statements; and
 - (B) an analysis prepared by financial advisor or underwriter setting forth: (i) nature and term of obligation; and (ii) projected debt service including required reserves and debt coverage.
- (9) For special tax allocation funds that have experienced cumulative deposits of incremental tax revenues of \$100,000 or more, a certified audit report reviewing compliance with this Act performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The financial portion of the audit must

be conducted in accordance with Standards for Audits of Governmental Organizations, Programs, Activities, and Functions adopted by the Comptroller General of the United States (1981), as amended, or the standards specified by Section 8-8-5 of the Illinois Municipal Auditing Law of the Illinois Municipal Code. The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3. For redevelopment plans or projects that would result in the displacement of residents from 10 or more inhabited residential units or that contain 75 or more inhabited residential units, notice of the availability of the information, including how to obtain the report, required in this subsection shall also be sent by mail to all residents or organizations that operate in the municipality that register with the municipality for that information according to registration procedures adopted under Section 11-74.4-4.2. All municipalities are subject to this provision.

(d-1) Prior to the effective date of this amendatory Act of the 91st General Assembly, municipalities with populations of over 1,000,000 shall, after adoption of a redevelopment plan or project, make available upon request to any taxing district in which the redevelopment project area is located the following information:

- (1) Any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary; and
- (2) In connection with any redevelopment project area for which the municipality has outstanding obligations issued to provide for redevelopment project costs pursuant to Section 11-74.4-7, audited financial statements of the special tax allocation fund.

(e) The joint review board shall meet annually 180 days after the close of the municipal fiscal year or as soon as the redevelopment project audit for that fiscal year becomes available to review the effectiveness and status of the redevelopment project area up to that date.

(f) (Blank).

(g) In the event that a municipality has held a public hearing under this Section prior to March 14, 1994 (the effective date of Public Act 88-537), the requirements imposed by Public Act 88-537 relating to the method of fixing the time and place for public hearing, the materials and information required to be made available for public inspection, and the information required to be sent after adoption of an ordinance or resolution fixing a time and place for public hearing shall not be applicable.

(Source: P.A. 91-357, eff. 7-29-99; 91-478, eff. 11-1-99; 91-900, eff. 7-6-00; 92-263, eff. 8-7-01; 92-624, eff. 7-11-02.)

PUBLIC HEARING, NOTICES AND HOUSING, 65 ILCS 5/11-74.4-6

(65 ILCS 5/11-74.4-6)

Sec. 11-74.4-6. (Public Hearing, Notices and Housing)

(a) Except as provided herein, notice of the public hearing shall be given by publication and mailing. Notice by publication shall be given by publication at least twice, the first publication to be not more than 30 nor less than 10 days prior to the hearing in a newspaper of general circulation within the taxing districts having property in the proposed redevelopment project area. Notice by mailing shall be given by depositing such notice in the United States mails by certified mail addressed to the person or persons in whose name the general taxes for the last preceding year were paid on each lot, block, tract, or parcel of land lying within the project redevelopment area. Said notice shall be mailed not less than 10 days prior to the date set for the public hearing. In the event taxes for the last preceding year were not paid, the notice shall also be sent to the persons last listed on the tax rolls within the preceding 3 years as the owners of such property. For redevelopment project areas with redevelopment plans or proposed redevelopment plans that would require removal of 10 or more inhabited residential units or that contain 75 or more inhabited residential units, the municipality shall make a good faith effort to notify by mail all residents of the redevelopment project area. At a minimum, the municipality shall mail a notice to each residential address located within the redevelopment project area. The municipality shall endeavor to ensure that all such notices are effectively communicated and shall include (in addition to notice in English) notice in the predominant language other than English when appropriate.

(b) The notices issued pursuant to this Section shall include the following:

- (1) The time and place of public hearing;
- (2) The boundaries of the proposed redevelopment project area by legal description and by street location where possible;
- (3) A notification that all interested persons will be given an opportunity to be heard at the public hearing;
- (4) A description of the redevelopment plan or redevelopment project for the proposed redevelopment project area if a plan or project is the subject matter of the hearing.
- (5) Such other matters as the municipality may deem appropriate.

(c) Not less than 45 days prior to the date set for hearing, the municipality shall give notice by mail as provided in subsection (a) to all taxing districts of which taxable property is included in the redevelopment project area, project or plan and to the Department of Commerce and Community Affairs, and in addition to the other requirements under subsection (b) the notice shall include an invitation to the Department of Commerce and Community Affairs and each taxing district to submit comments to the municipality concerning the subject matter of the hearing prior to the date of hearing.

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

(d) In the event that any municipality has by ordinance adopted tax increment financing prior to 1987, and has complied with the notice requirements of this Section, except that the notice has not included the requirements of subsection (b), paragraphs (2), (3) and (4), and within 90 days of the effective date of this amendatory Act of 1991, that municipality passes an ordinance which contains findings that: (1) all taxing districts prior to the time of the hearing required by Section 11-74.4-5 were furnished with copies of a map incorporated into the redevelopment plan and project substantially showing the legal boundaries of the redevelopment project area; (2) the redevelopment plan and project, or a draft thereof, contained a map substantially showing the legal boundaries of the redevelopment project area and was available to the public at the time of the hearing; and (3) since the adoption of any form of tax increment financing authorized by this Act, and prior to June 1, 1991, no objection or challenge has been made in writing to the municipality in respect to the notices required by this Section, then the municipality shall be deemed to have met the notice requirements of this Act and all actions of the municipality taken in connection with such notices as were given are hereby validated and hereby declared to be legally sufficient for all purposes of this Act.

(e) If a municipality desires to propose a redevelopment plan for a redevelopment project area that would result in the displacement of residents from 10 or more inhabited residential units or for a redevelopment project area that contains 75 or more inhabited residential units, the municipality shall hold a public meeting before the mailing of the notices of public hearing as provided in subsection (c) of this Section. The meeting shall be for the purpose of enabling the municipality to advise the public, taxing districts having real property in the redevelopment project area, taxpayers who own property in the proposed redevelopment project area, and residents in the area as to the municipality's possible intent to prepare a redevelopment plan and designate a redevelopment project area and to receive public comment. The time and place for the meeting shall be set by the head of the municipality's Department of Planning or other department official designated by the mayor or city or village manager without the necessity of a resolution or ordinance of the municipality and may be held by a member of the staff of the Department of Planning of the municipality or by any other person, body, or commission designated by the corporate authorities. The meeting shall be held at least 14 business days before the mailing of the notice of public hearing provided for in subsection (c) of this Section.

Notice of the public meeting shall be given by mail. Notice by mail shall be not less than 15 days before the date of the meeting and shall be sent by certified mail to all taxing districts having real property in the proposed redevelopment project area and to all entities requesting that information that have registered with a person and department designated by the municipality in accordance with registration guidelines established by the municipality pursuant to Section 11-74.4-4.2. The municipality shall make a good faith effort to notify all residents and the last known persons who paid property taxes on real estate in a redevelopment project area. This requirement shall be deemed to be satisfied if the municipality mails, by regular mail, a notice to each residential address and the person or persons in whose name property taxes were paid on real property for the last preceding year located within the redevelopment project area. Notice shall be in languages other than English when appropriate. The notices issued under this subsection shall include the following:

- (1) The time and place of the meeting.
- (2) The boundaries of the area to be studied for possible designation as a redevelopment project area by street and location.

- (3) The purpose or purposes of establishing a redevelopment project area.
- (4) A brief description of tax increment financing.
- (5) The name, telephone number, and address of the person who can be contacted for additional information about the proposed redevelopment project area and who should receive all comments and suggestions regarding the development of the area to be studied.
- (6) Notification that all interested persons will be given an opportunity to be heard at the public meeting.
- (7) Such other matters as the municipality deems appropriate. At the public meeting, any interested person or representative of an affected taxing district may be heard orally and may file, with the person conducting the meeting, statements that pertain to the subject matter of the meeting.

(Source: P.A. 91-478, eff. 11-1-99.)

OBLIGATIONS, SEC. 11-74.4-7

(65 ILCS 5/11-74.4-7)

Sec. 11-74.4-7. (Obligations)

Obligations secured by the special tax allocation fund set forth in Section 11-74.4-8 for the redevelopment project area may be issued to provide for redevelopment project costs. Such obligations, when so issued, shall be retired in the manner provided in the ordinance authorizing the issuance of such obligations by the receipts of taxes levied as specified in Section 11-74.4-9 against the taxable property included in the area, by revenues as specified by Section 11-74.4-8a and other revenue designated by the municipality. A municipality may in the ordinance pledge all or any part of the funds in and to be deposited in the special tax allocation fund created pursuant to Section 11-74.4-8 to the payment of the redevelopment project costs and obligations.

Any pledge of funds in the special tax allocation fund shall provide for distribution to the taxing districts and to the Illinois Department of Revenue of moneys not required, pledged, earmarked, or otherwise designated for payment and securing of the obligations and anticipated redevelopment project costs and such excess funds shall be calculated annually and deemed to be "**surplus**" funds. In the event a municipality only applies or pledges a portion of the funds in the special tax allocation fund for the payment or securing of anticipated redevelopment project costs or of obligations, any such funds remaining in the special tax allocation fund after complying with the requirements of the application or pledge, shall also be calculated annually and deemed "surplus" funds. All surplus funds in the special tax allocation fund shall be distributed annually within 180 days after the close of the municipality's fiscal year by being paid by the municipal treasurer to the County Collector, to the Department of Revenue and to the municipality in direct proportion to the tax incremental revenue received as a result of an increase in the equalized assessed value of property in the redevelopment project area, tax incremental revenue received from the State and tax incremental revenue received from the municipality, but not to exceed as to each such source the total incremental revenue received from that source. The County Collector shall thereafter make distribution to the respective taxing districts in the same manner and proportion as the most recent distribution by the county collector to the affected districts of real property taxes from real property in the redevelopment project area.

Without limiting the foregoing in this Section, the municipality may, in addition to obligations secured by the special tax allocation fund, pledge for a period not greater than the term of the obligations towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge. Such obligations may be issued in one or more series bearing interest at such rate or rates as the corporate authorities of the municipality shall determine by ordinance.

Such obligations shall bear such date or dates, mature at such time or times not exceeding 20 years from their respective dates, be in such denomination, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places, contain such covenants, terms and conditions, and be subject to redemption as such ordinance shall provide. Obligations issued pursuant to this Act may be sold at public or private sale at such

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price as shall be determined by the corporate authorities of the municipalities. No referendum approval of the electors shall be required as a condition to the issuance of obligations pursuant to this Division except as provided in this Section.

In the event the municipality authorizes issuance of obligations pursuant to the authority of this Division secured by the full faith and credit of the municipality, which obligations are other than obligations which may be issued under home rule powers provided by Article VII, Section 6 of the Illinois Constitution, or pledges taxes pursuant to (b) or (c) of the second paragraph of this section, the ordinance authorizing the issuance of such obligations or pledging such taxes shall be published within 10 days after such ordinance has been passed in one or more newspapers, with general circulation within such municipality. The publication of the ordinance shall be accompanied by a notice of (1) the specific number of voters required to sign a petition requesting the question of the issuance of such obligations or pledging taxes to be submitted to the electors; (2) the time in which such petition must be filed; and (3) the date of the prospective referendum. The municipal clerk shall provide a petition form to any individual requesting one.

If no petition is filed with the municipal clerk, as hereinafter provided in this Section, within 30 days after the publication of the ordinance, the ordinance shall be in effect. But, if within that 30 day period a petition is filed with the municipal clerk, signed by electors in the municipality numbering 10% or more of the number of registered voters in the municipality, asking that the question of issuing obligations using full faith and credit of the municipality as security for the cost of paying for redevelopment project costs, or of pledging taxes for the payment of such obligations, or both, be submitted to the electors of the municipality, the corporate authorities of the municipality shall call a special election in the manner provided by law to vote upon that question, or, if a general, State or municipal election is to be held within a period of not less than 30 or more than 90 days from the date such petition is filed, shall submit the question at the next general, State or municipal election. If it appears upon the canvass of the election by the corporate authorities that a majority of electors voting upon the question voted in favor thereof, the ordinance shall be in effect, but if a majority of the electors voting upon the question are not in favor thereof, the ordinance shall not take effect.

The ordinance authorizing the obligations may provide that the obligations shall contain a recital that they are issued pursuant to this Division, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

In the event the municipality authorizes issuance of obligations pursuant to this Section secured by the full faith and credit of the municipality, the ordinance authorizing the obligations may provide for the levy and collection of a direct annual tax upon all taxable property within the municipality sufficient to pay the principal thereof and interest thereon as it matures, which levy may be in addition to and exclusive of the maximum of all other taxes authorized to be levied by the municipality, which levy, however, shall be abated to the extent that monies from other sources are available for payment of the obligations and the municipality certifies the amount of said monies available to the county clerk.

A certified copy of such ordinance shall be filed with the county clerk of each county in which any portion of the municipality is situated, and shall constitute the authority for the extension and collection of the taxes to be deposited in the special tax allocation fund.

A municipality may also issue its obligations to refund in whole or in part, obligations theretofore issued by such municipality under the authority of this Act, whether at or prior to maturity, provided however, that the last maturity of the refunding obligations shall not be expressed to mature later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment project area is adopted if the ordinance was adopted on or after January 15, 1981, and not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.4-8 of this Act is to be made with respect to ad valorem taxes levied in the thirty-fifth calendar year after the year in which the ordinance approving the redevelopment project area is adopted (A) if the ordinance was adopted before January 15, 1981, or (B) if the ordinance was adopted in December 1983, April 1984, July 1985, or December 1989, or (C) if the ordinance was adopted in December, 1987 and the redevelopment project is located within one mile of Midway Airport, or (D) if the ordinance was adopted before January 1, 1987 by a municipality in Mason County, or (E) if the municipality is subject to the Local Government Financial Planning and Supervision Act or the Financially Distressed City Law, or (F) if the ordinance was adopted in December 1984 by the Village of Rosemont, or (G) if the ordinance was adopted on December 31, 1986 by a municipality located in Clinton County for which at least \$250,000 of tax increment bonds were authorized on June 17, 1997, or if the ordinance was adopted on December 31, 1986 by a municipality with a population in 1990 of less than 3,600 that is located in a county with a population in 1990 of less than 34,000 and for which at least \$250,000 of tax increment bonds were authorized on June 17, 1997, or (H) if the ordinance was adopted on October 5, 1982 by the City of Kankakee, or (I) if the ordinance was adopted on December 29, 1986 by East St. Louis, or if the ordinance was adopted on November 12, 1991 by the Village of Sauget, or (J) if the ordinance was adopted on February 11, 1985 by the City of Rock Island, or (K) if the ordinance was adopted before December 18, 1986 by the City of Moline, or (L) if the ordinance was adopted in September 1988 by Sauk Village, or (M) if the ordinance was adopted in October 1993 by Sauk Village, or (N) if the ordinance was adopted on December 29, 1986 by the City of Galva, or (O) if the ordinance was adopted in March 1991 by the City of Centerville, or (P) if the ordinance was adopted on January 23, 1991 by the City of East St. Louis, or (Q) if the ordinance was adopted on December 22, 1986 by the City of Aledo, or (R) if the ordinance was adopted on February 5, 1990 by the City of Clinton, or (S) if the ordinance was adopted on September 6, 1994 by the City of Freeport, or (T) if the ordinance was adopted on December 22, 1986 by the City of Tuscola, or (U) if the ordinance was adopted on December 23, 1986 by the City of Sparta, or (V) if the ordinance was adopted on December 23, 1986 by the City of Beardstown, or (W) if the ordinance was adopted on April 27, 1981, October 21, 1985, or December 30, 1986 by the City of Belleville, or (X) if the ordinance was adopted on December 31, 1986 by the City of Collinsville, or (Y) if the ordinance was adopted on September 14, 1994 by the City of Alton, or (Z) if the ordinance was adopted on November 11, 1996 by the City of Lexington, or (AA) if the ordinance was adopted on November 5, 1984 by the City of LeRoy, or (BB) if the ordinance was adopted on April 3, 1991, or June 3, 1992 by the City of Mardian, and, for redevelopment project areas for which bonds were issued before July 29, 1991, in connection with a redevelopment project in the area within the State Sales Tax Boundary and which were extended by municipal ordinance under subsection (n) of Section 11-74.4-3, the last maturity of the refunding obligations shall not be expressed to mature later than the date on which the redevelopment project area is terminated or December 31, 2013, whichever date occurs first.

In the event a municipality issues obligations under home rule powers or other legislative authority the proceeds of which are pledged to pay for redevelopment project costs, the municipality may, if it has followed the procedures in conformance with this division, retire said obligations from funds in the special tax allocation fund in amounts and in such manner as if such obligations had been issued pursuant to the provisions of this division.

All obligations heretofore or hereafter issued pursuant to this Act shall not be regarded as indebtedness of the municipality issuing such obligations or any other taxing district for the purpose of any limitation imposed by law.

(Source: P.A. 91-261, eff. 7-23-99; 91-477, eff. 8-11-99; 91-478, eff. 11-1-99; 91-642, eff. 8-20-99; 91-763, eff. 6-9-00; 92-263, eff. 8-7-01; 92-406, eff. 1-1-02; 92-624, eff. 7-11-02; 92-651, eff. 7-11-02.)

NEW MUNICIPAL PUBLIC BUILDING, SEC. 11-74.4-7.1

(65 ILCS 5/11-74.4-7.1)

Sec. 11-74.4-7.1 (New Municipal Public Building)

After the effective date of this amendatory Act of 1994 and prior to the effective date of this amendatory Act of the 91st General Assembly, a municipality with a population of less than 1,000,000, prior to construction of a new municipal public building that provides governmental services to be financed with tax increment revenues as authorized in paragraph (4) of subsection (q) of Section 11-74.4-3, shall agree with the affected taxing districts to pay them, to the extent tax increment finance revenues are available, over the life of the redevelopment project area, an amount equal to 25% of the cost of the building, such payments to be paid to the taxing districts in the same proportion as the most recent distribution by the county collector to the affected taxing districts of real property taxes from taxable real property in the redevelopment project area. This Section does not apply to a municipality that, before March 14, 1994 (the effective date of Public Act 88-537), acquired or leased the land (i) upon which a new municipal public building is to be constructed and (ii) for which an existing redevelopment plan or a redevelopment agreement includes provisions for the construction of a new municipal public building.

(Source: P.A. 91-478, eff. 11-1-99.)

PROPERTY TAX INCREMENT ALLOCATION, SEC. 11-74.4-8

(65 ILCS 5/11-74.4-8)

Sec. 11-74.4-8 (Property Tax Increment)

A municipality may not adopt tax increment financing in a redevelopment project area after the effective date of this amendatory Act of 1997 that will encompass an area that is currently included in an enterprise zone created under the Illinois Enterprise Zone Act unless that municipality, pursuant to Section 5.4 of the Illinois Enterprise Zone Act, amends the enterprise zone designating ordinance to limit the eligibility for tax abatements as provided in Section 5.4.1 of the Illinois Enterprise Zone Act. A municipality, at the time a redevelopment project area is designated, may adopt tax increment allocation financing by passing an ordinance providing that the ad valorem taxes, if any, arising from the levies upon taxable real property in such redevelopment project area by taxing districts and tax rates determined in the manner provided in paragraph (c) of Section 11-74.4-9 each year after the effective date of the ordinance until redevelopment project costs and all municipal obligations financing redevelopment project costs incurred under this Division have been paid shall be divided as follows:

(a) That portion of taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the lower of the current equalized assessed value or the initial equalized assessed value of each such taxable lot, block, tract or parcel of real property in the redevelopment project area shall be allocated to and when collected shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.

(b) Except from a tax levied by a township to retire bonds issued to satisfy court-ordered damages, that portion, if any, of such taxes which is attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the redevelopment project area over and above the initial equalized assessed value of each property in the project area shall be allocated to and when collected shall be paid to the municipal treasurer who shall deposit said taxes into a special fund called the special tax allocation fund of the municipality for the purpose of paying redevelopment project costs and obligations incurred in the payment thereof. In any county with a population of 3,000,000 or more that has adopted a procedure for collecting taxes that provides for one or more of the installments of the taxes to be billed and collected on an estimated basis, the municipal treasurer shall be paid for deposit in the special tax allocation fund of the municipality, from the taxes collected from estimated bills issued for property in the redevelopment project area, the difference between the amount actually collected from each taxable lot, block, tract, or parcel of real property within the redevelopment project area and an amount determined by multiplying the rate at which taxes were last extended against the taxable lot, block, tract, or parcel of real property in the manner provided in subsection (c) of Section 11-74.4-9 by the initial equalized assessed value of the property divided by the number of installments in which real estate taxes are billed and collected within the county; provided that the payments on or before December 31, 1999 to a municipal treasurer shall be made only if each of the following conditions are met:

- (1) The total equalized assessed value of the redevelopment project area as last determined was not less than 175% of the total initial equalized assessed value.

- (2) Not more than 50% of the total equalized assessed value of the redevelopment project area as last determined is attributable to a piece of property assigned a single real estate index number.
- (3) The municipal clerk has certified to the county clerk that the municipality has issued its obligations to which there has been pledged the incremental property taxes of the redevelopment project area or taxes levied and collected on any or all property in the municipality or the full faith and credit of the municipality to pay or secure payment for all or a portion of the redevelopment project costs. The certification shall be filed annually no later than September 1 for the estimated taxes to be distributed in the following year; however, for the year 1992 the certification shall be made at any time on or before March 31, 1992.
- (4) The municipality has not requested that the total initial equalized assessed value of real property be adjusted as provided in subsection (b) of Section 11-74.4-9.

The conditions of paragraphs (1) through (4) do not apply after December 31, 1999 to payments to a municipal treasurer made by a county with 3,000,000 or more inhabitants that has adopted an estimated billing procedure for collecting taxes. If a county that has adopted the estimated billing procedure makes an erroneous overpayment of tax revenue to the municipal treasurer, then the county may seek a refund of that overpayment. The county shall send the municipal treasurer a notice of liability for the overpayment on or before the mailing date of the next real estate tax bill within the county. The refund shall be limited to the amount of the overpayment.

It is the intent of this Division that after the effective date of this amendatory Act of 1988 a municipality's own ad valorem tax arising from levies on taxable real property be included in the determination of incremental revenue in the manner provided in paragraph (c) of Section 11-74.4-9. If the municipality does not extend such a tax, it shall annually deposit in the municipality's Special Tax Increment Fund an amount equal to 10% of the total contributions to the fund from all other taxing districts in that year. The annual 10% deposit required by this paragraph shall be limited to the actual amount of municipally produced incremental tax revenues available to the municipality from taxpayers located in the redevelopment project area in that year if: (a) the plan for the area restricts the use of the property primarily to industrial purposes, (b) the municipality establishing the redevelopment project area is a home-rule community with a 1990 population of between 25,000 and 50,000, (c) the municipality is wholly located within a county with a 1990 population of over 750,000 and (d) the redevelopment project area was established by the municipality prior to June 1, 1990. This payment shall be in lieu of a contribution of ad valorem taxes on real property. If no such payment is made, any redevelopment project area of the municipality shall be dissolved.

If a municipality has adopted tax increment allocation financing by ordinance and the County Clerk thereafter certifies the "total initial equalized assessed value as adjusted" of the taxable real property within such redevelopment project area in the manner provided in paragraph (b) of Section 11-74.4-9, each year after the date of the certification of the total initial equalized assessed value as adjusted until redevelopment project costs and all municipal obligations financing redevelopment project costs have been paid the ad valorem taxes, if any, arising from the levies upon the taxable real property in such redevelopment project area by taxing districts and

tax rates determined in the manner provided in paragraph (c) of Section 11-74.4-9 shall be divided as follows:

- (1) That portion of the taxes levied upon each taxable lot, block, tract or parcel of real property which is attributable to the lower of the current equalized assessed value or "current equalized assessed value as adjusted" or the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property existing at the time tax increment financing was adopted, minus the total current homestead exemptions provided by Sections 15-170 and 15-175 of the Property Tax Code in the redevelopment project area shall be allocated to and when collected shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing.
- (2) That portion, if any, of such taxes which is attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the redevelopment project area, over and above the initial equalized assessed value of each property existing at the time tax increment financing was adopted, minus the total current homestead exemptions pertaining to each piece of property provided by Sections 15-170 and 15-175 of the Property Tax Code in the redevelopment project area, shall be allocated to and when collected shall be paid to the municipal Treasurer, who shall deposit said taxes into a special fund called the special tax allocation fund of the municipality for the purpose of paying redevelopment project costs and obligations incurred in the payment thereof.

The municipality may pledge in the ordinance the funds in and to be deposited in the special tax allocation fund for the payment of such costs and obligations. No part of the current equalized assessed valuation of each property in the redevelopment project area attributable to any increase above the total initial equalized assessed value, or the total initial equalized assessed value as adjusted, of such properties shall be used in calculating the general State school aid formula, provided for in Section 18-8 of the School Code, until such time as all redevelopment project costs have been paid as provided for in this Section.

Whenever a municipality issues bonds for the purpose of financing redevelopment project costs, such municipality may provide by ordinance for the appointment of a trustee, which may be any trust company within the State, and for the establishment of such funds or accounts to be maintained by such trustee as the municipality shall deem necessary to provide for the security and payment of the bonds. If such municipality provides for the appointment of a trustee, such trustee shall be considered the assignee of any payments assigned by the municipality pursuant to such ordinance and this Section. Any amounts paid to such trustee as assignee shall be deposited in the funds or accounts established pursuant to such trust agreement, and shall be held by such trustee in trust for the benefit of the holders of the bonds, and such holders shall have a lien on and a security interest in such funds or accounts so long as the bonds remain outstanding and unpaid. Upon retirement of the bonds, the trustee shall pay over any excess amounts held to the municipality for deposit in the special tax allocation fund.

When such redevelopment projects costs, including without limitation all municipal obligations financing redevelopment project costs incurred under this Division, have been paid, all surplus funds then remaining in the special tax allocation fund shall be distributed by being paid by the municipal treasurer to the Department of Revenue, the municipality and the county collector;

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

first to the Department of Revenue and the municipality in direct proportion to the tax incremental revenue received from the State and the municipality, but not to exceed the total incremental revenue received from the State or the municipality less any annual surplus distribution of incremental revenue previously made; with any remaining funds to be paid to the County Collector who shall immediately thereafter pay said funds to the taxing districts in the redevelopment project area in the same manner and proportion as the most recent distribution by the county collector to the affected districts of real property taxes from real property in the redevelopment project area.

Upon the payment of all redevelopment project costs, the retirement of obligations and the distribution of any excess monies pursuant to this Section and final closing of the books and records of the redevelopment project area, the municipality shall adopt an ordinance dissolving the special tax allocation fund for the redevelopment project area and terminating the designation of the redevelopment project area as a redevelopment project area. Title to real or personal property and public improvements acquired by or for the municipality as a result of the redevelopment project and plan shall vest in the municipality when acquired and shall continue to be held by the municipality after the redevelopment project area has been terminated. **Municipalities shall notify affected taxing districts prior to November 1 if the redevelopment project area is to be terminated by December 31 of that same year.** If a municipality extends estimated dates of completion of a redevelopment project and retirement of obligations to finance a redevelopment project, as allowed by this amendatory Act of 1993, that extension shall not extend the property tax increment allocation financing authorized by this Section. Thereafter the rates of the taxing districts shall be extended and taxes levied, collected and distributed in the manner applicable in the absence of the adoption of tax increment allocation financing. Nothing in this Section shall be construed as relieving property in such redevelopment project areas from being assessed as provided in the Property Tax Code or as relieving owners of such property from paying a uniform rate of taxes, as required by Section 4 of Article 9 of the Illinois Constitution.

(Source: P.A. 91-190, eff. 7-20-99; 91-478, eff. 11-1-99; 92-16, eff. 6-28-01.)

SALES/UTILITY TAX INCREMENT ALLOCATION, SEC. 11-74.4-8A

(65 ILCS 5/11-74.4-8a)

Sec. 11-74.4-8a. (Sales/Utility Tax Increment Allocation)

(1) Until June 1, 1988, a municipality which has adopted tax increment allocation financing prior to January 1, 1987, may by ordinance (1) authorize the Department of Revenue, subject to appropriation, to annually certify and cause to be paid from the Illinois Tax Increment Fund to such municipality for deposit in the municipality's special tax allocation fund an amount equal to the Net State Sales Tax Increment and (2) authorize the Department of Revenue to annually notify the municipality of the amount of the Municipal Sales Tax Increment which shall be deposited by the municipality in the municipality's special tax allocation fund. Provided that for purposes of this Section no amendments adding additional area to the redevelopment project area which has been certified as the State Sales Tax Boundary shall be taken into account if such amendments are adopted by the municipality after January 1, 1987. If an amendment is adopted which decreases the area of a State Sales Tax Boundary, the municipality shall update the list required by subsection (3)(a) of this Section. The Retailers' Occupation Tax liability, Use Tax liability, Service Occupation Tax liability and Service Use Tax liability for retailers and servicemen located within the disconnected area shall be excluded from the base from which tax increments are calculated and the revenue from any such retailer or serviceman shall not be included in calculating incremental revenue payable to the municipality. A municipality adopting an ordinance under this subsection (1) of this Section for a redevelopment project area which is certified as a State Sales Tax Boundary shall not be entitled to payments of State taxes authorized under subsection (2) of this Section for the same redevelopment project area. Nothing herein shall be construed to prevent a municipality from receiving payment of State taxes authorized under subsection (2) of this Section for a separate redevelopment project area that does not overlap in any way with the State Sales Tax Boundary receiving payments of State taxes pursuant to subsection (1) of this Section. A certified copy of such ordinance shall be submitted by the municipality to the Department of Commerce and Community Affairs and the Department of Revenue not later than 30 days after the effective date of the ordinance. Upon submission of the ordinances, and the information required pursuant to subsection 3 of this Section, the Department of Revenue shall promptly determine the amount of such taxes paid under the Retailers' Occupation Tax Act, Use Tax Act, Service Use Tax Act, the Service Occupation Tax Act, the Municipal Retailers' Occupation Tax Act and the Municipal Service Occupation Tax Act by retailers and servicemen on transactions at places located in the redevelopment project area during the base year, and shall certify all the foregoing **"initial sales tax amounts"** to the municipality within 60 days of submission of the list required of subsection (3)(a) of this Section.

If a retailer or serviceman with a place of business located within a redevelopment project area also has one or more other places of business within the municipality but outside the redevelopment project area, the retailer or serviceman shall, upon request of the Department of Revenue, certify to the Department of Revenue the amount of taxes paid pursuant to the Retailers' Occupation Tax Act, the Municipal Retailers' Occupation Tax Act, the Service Occupation Tax Act and the Municipal Service Occupation Tax Act at each place of business which is located within the redevelopment project area in the manner and for the periods of time requested by the Department of Revenue.

When the municipality determines that a portion of an increase in the aggregate amount of taxes paid by retailers and servicemen under the Retailers' Occupation Tax Act, Use Tax Act, Service Use Tax Act, or the Service Occupation Tax Act is the result of a retailer or serviceman initiating retail or service operations in the redevelopment project area by such retailer or serviceman with a resulting termination of retail or service operations by such retailer or serviceman at another location in Illinois in the standard metropolitan statistical area of such municipality, the Department of Revenue shall be notified that the retailers occupation tax liability, use tax liability, service occupation tax liability, or service use tax liability from such retailer's or serviceman's terminated operation shall be included in the base Initial Sales Tax Amounts from which the State Sales Tax Increment is calculated for purposes of State payments to the affected municipality; provided, however, for purposes of this paragraph "**termination**" shall mean a closing of a retail or service operation which is directly related to the opening of the same retail or service operation in a redevelopment project area which is included within a State Sales Tax Boundary, but it shall not include retail or service operations closed for reasons beyond the control of the retailer or serviceman, as determined by the Department.

If the municipality makes the determination referred to in the prior paragraph and notifies the Department and if the relocation is from a location within the municipality, the Department, at the request of the municipality, shall adjust the certified aggregate amount of taxes that constitute the Municipal Sales Tax Increment paid by retailers and servicemen on transactions at places of business located within the State Sales Tax Boundary during the base year using the same procedures as are employed to make the adjustment referred to in the prior paragraph. The adjusted Municipal Sales Tax Increment calculated by the Department shall be sufficient to satisfy the requirements of subsection (1) of this Section.

When a municipality which has adopted tax increment allocation financing in 1986 determines that a portion of the aggregate amount of taxes paid by retailers and servicemen under the Retailers Occupation Tax Act, Use Tax Act, Service Use Tax Act, or Service Occupation Tax Act, the Municipal Retailers' Occupation Tax Act and the Municipal Service Occupation Tax Act, includes revenue of a retailer or serviceman which terminated retailer or service operations in 1986, prior to the adoption of tax increment allocation financing, the Department of Revenue shall be notified by such municipality that the retailers' occupation tax liability, use tax liability, service occupation tax liability or service use tax liability, from such retailer's or serviceman's terminated operations shall be excluded from the Initial Sales Tax Amounts for such taxes. The revenue from any such retailer or serviceman which is excluded from the base year under this paragraph, shall not be included in calculating incremental revenues if such retailer or serviceman reestablishes such business in the redevelopment project area.

For State fiscal year 1992, the Department of Revenue shall budget, and the Illinois General Assembly shall appropriate from the Illinois Tax Increment Fund in the State treasury, an amount not to exceed \$18,000,000 to pay to each eligible municipality the Net State Sales Tax Increment to which such municipality is entitled. Beginning on January 1, 1993, each municipality's proportional share of the Illinois Tax Increment Fund shall be determined by adding the annual Net State Sales Tax Increment and the annual Net Utility Tax Increment to determine the Annual Total Increment. The ratio of the Annual Total Increment of each municipality to the Annual Total Increment for all municipalities, as most recently calculated by the Department, shall determine the proportional shares of the Illinois Tax Increment Fund to be distributed to each municipality. Beginning in October, 1993, and each January, April, July and October thereafter, the Department of Revenue shall certify to the Treasurer and the Comptroller the amounts payable quarter

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

annually during the fiscal year to each municipality under this Section. The Comptroller shall promptly then draw warrants, ordering the State Treasurer to pay such amounts from the Illinois Tax Increment Fund in the State treasury.

The Department of Revenue shall utilize the same periods established for determining State Sales Tax Increment to determine the Municipal Sales Tax Increment for the area within a State Sales Tax Boundary and certify such amounts to such municipal treasurer who shall transfer such amounts to the special tax allocation fund. The provisions of this subsection (1) do not apply to additional municipal retailers' occupation or service occupation taxes imposed by municipalities using their home rule powers or imposed pursuant to Sections 8-11-1.3, 8-11-1.4 and 8-11-1.5 of this Act. A municipality shall not receive from the State any share of the Illinois Tax Increment Fund unless such municipality deposits all its Municipal Sales Tax Increment and the local incremental real property tax revenues, as provided herein, into the appropriate special tax allocation fund. If, however, a municipality has extended the estimated dates of completion of the redevelopment project and retirement of obligations to finance redevelopment project costs by municipal ordinance to December 31, 2013 under subsection (n) of Section 11-74.4-3, then that municipality shall continue to receive from the State a share of the Illinois Tax Increment Fund so long as the municipality deposits, from any funds available, excluding funds in the special tax allocation fund, an amount equal to the municipal share of the real property tax increment revenues into the special tax allocation fund during the extension period. The amount to be deposited by the municipality in each of the tax years affected by the extension to December 31, 2013 shall be equal to the municipal share of the property tax increment deposited into the special tax allocation fund by the municipality for the most recent year that the property tax increment was distributed. A municipality located within an economic development project area created under the County Economic Development Project Area Property Tax Allocation Act which has abated any portion of its property taxes which otherwise would have been deposited in its special tax allocation fund shall not receive from the State the Net Sales Tax Increment.

(2) A municipality which has adopted tax increment allocation financing with regard to an industrial park or industrial park conservation area, prior to January 1, 1988, may by ordinance authorize the Department of Revenue to annually certify and pay from the Illinois Tax Increment Fund to such municipality for deposit in the municipality's special tax allocation fund an amount equal to the Net State Utility Tax Increment. Provided that for purposes of this Section no amendments adding additional area to the redevelopment project area shall be taken into account if such amendments are adopted by the municipality after January 1, 1988. Municipalities adopting an ordinance under this subsection (2) of this Section for a redevelopment project area shall not be entitled to payment of State taxes authorized under subsection (1) of this Section for the same redevelopment project area which is within a State Sales Tax Boundary. Nothing herein shall be construed to prevent a municipality from receiving payment of State taxes authorized under subsection (1) of this Section for a separate redevelopment project area within a State Sales Tax Boundary that does not overlap in any way with the redevelopment project area receiving payments of State taxes pursuant to subsection (2) of this Section. A certified copy of such ordinance shall be submitted to the Department of Commerce and Community Affairs and the Department of Revenue not later than 30 days after the effective date of the ordinance.

When a municipality determines that a portion of an increase in the aggregate amount of taxes paid by industrial or commercial facilities under the Public Utilities Act, is the result of an industrial or commercial facility initiating operations in the redevelopment project area with a resulting termination of such operations by such industrial or commercial facility at another location in Illinois, the Department of Revenue shall be notified by such municipality that such industrial or commercial facility's liability under the Public Utility Tax Act shall be included in the base from which tax increments are calculated for purposes of State payments to the affected municipality. After receipt of the calculations by the public utility as required by subsection (4) of this Section, the Department of Revenue shall annually budget and the Illinois General Assembly shall annually appropriate from the General Revenue Fund through State Fiscal Year 1989, and thereafter from the Illinois Tax Increment Fund, an amount sufficient to pay to each eligible municipality the amount of incremental revenue attributable to State electric and gas taxes as reflected by the charges imposed on persons in the project area to which such municipality is entitled by comparing the preceding calendar year with the base year as determined by this Section. Beginning on January 1, 1993, each municipality's proportional share of the Illinois Tax Increment Fund shall be determined by adding the annual Net State Utility Tax Increment and the annual Net Utility Tax Increment to determine the Annual Total Increment. The ratio of the Annual Total Increment of each municipality to the Annual Total Increment for all municipalities, as most recently calculated by the Department, shall determine the proportional shares of the Illinois Tax Increment Fund to be distributed to each municipality. A municipality shall not receive any share of the Illinois Tax Increment Fund from the State unless such municipality imposes the maximum municipal charges authorized pursuant to Section 9-221 of the Public Utilities Act and deposits all municipal utility tax incremental revenues as certified by the public utilities, and all local real estate tax increments into such municipality's special tax allocation fund.

(3) Within 30 days after the adoption of the ordinance required by either subsection (1) or subsection (2) of this Section, the municipality shall transmit to the Department of Commerce and Community Affairs and the Department of Revenue the following:

- (a) if applicable, a certified copy of the ordinance required by subsection (1) accompanied by a complete list of street names and the range of street numbers of each street located within the redevelopment project area for which payments are to be made under this Section in both the base year and in the year preceding the payment year; and the addresses of persons registered with the Department of Revenue; and, the name under which each such retailer or serviceman conducts business at that address, if different from the corporate name; and the Illinois Business Tax Number of each such person (The municipality shall update this list in the event of a revision of the redevelopment project area, or the opening or closing or name change of any street or part thereof in the redevelopment project area, or if the Department of Revenue informs the municipality of an addition or deletion pursuant to the monthly updates given by the Department.);
- (b) if applicable, a certified copy of the ordinance required by subsection (2) accompanied by a complete list of street names and range of street numbers of each street located within the redevelopment project area, the utility customers in the project area, and the utilities serving the redevelopment project areas;

- (c) certified copies of the ordinances approving the redevelopment plan and designating the redevelopment project area;
- (d) a copy of the redevelopment plan as approved by the municipality;
- (e) an opinion of legal counsel that the municipality had complied with the requirements of this Act; and
- (f) a certification by the chief executive officer of the municipality that with regard to a redevelopment project area: (1) the municipality has committed all of the municipal tax increment created pursuant to this Act for deposit in the special tax allocation fund, (2) the redevelopment projects described in the redevelopment plan would not be completed without the use of State incremental revenues pursuant to this Act, (3) the municipality will pursue the implementation of the redevelopment plan in an expeditious manner, (4) the incremental revenues created pursuant to this Section will be exclusively utilized for the development of the redevelopment project area, and (5) the increased revenue created pursuant to this Section shall be used exclusively to pay redevelopment project costs as defined in this Act.

(4) The Department of Revenue upon receipt of the information set forth in paragraph (b) of subsection (3) shall immediately forward such information to each public utility furnishing natural gas or electricity to buildings within the redevelopment project area. Upon receipt of such information, each public utility shall promptly:

- (a) provide to the Department of Revenue and the municipality separate lists of the names and addresses of persons within the redevelopment project area receiving natural gas or electricity from such public utility. Such list shall be updated as necessary by the public utility. Each month thereafter the public utility shall furnish the Department of Revenue and the municipality with an itemized listing of charges imposed pursuant to Sections 9-221 and 9-222 of the Public Utilities Act on persons within the redevelopment project area.
- (b) determine the amount of charges imposed pursuant to Sections 9-221 and 9-222 of the Public Utilities Act on persons in the redevelopment project area during the base year, both as a result of municipal taxes on electricity and gas and as a result of State taxes on electricity and gas and certify such amounts both to the municipality and the Department of Revenue; and
- (c) determine the amount of charges imposed pursuant to Sections 9-221 and 9-222 of the Public Utilities Act on persons in the redevelopment project area on a monthly basis during the base year, both as a result of State and municipal taxes on electricity and gas and certify such separate amounts both to the municipality and the Department of Revenue.

After the determinations are made in paragraphs (b) and (c), the public utility shall monthly during the existence of the redevelopment project area notify the Department of Revenue and the municipality of any increase in charges over the base year determinations made pursuant to paragraphs (b) and (c).

(5) The payments authorized under this Section shall be deposited by the municipal treasurer in the special tax allocation fund of the municipality, which for accounting purposes shall identify the sources of each payment as: municipal receipts from the State retailers occupation, service occupation, use and service use taxes; and municipal public utility taxes charged to customers under the Public Utilities Act and State public utility taxes charged to customers under the Public Utilities Act.

(6) Before the effective date of this amendatory Act of the 91st General Assembly, any municipality receiving payments authorized under this Section for any redevelopment project area or area within a State Sales Tax Boundary within the municipality shall submit to the Department of Revenue and to the taxing districts which are sent the notice required by Section 6 of this Act annually within 180 days after the close of each municipal fiscal year the following information for the immediately preceding fiscal year:

- (a) Any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary.
- (b) Audited financial statements of the special tax allocation fund.
- (c) Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of this Act during the preceding fiscal year.
- (d) An opinion of legal counsel that the municipality is in compliance with this Act.
- (e) An analysis of the special tax allocation fund which sets forth:
 - (1) the balance in the special tax allocation fund at the beginning of the fiscal year;
 - (2) all amounts deposited in the special tax allocation fund by source;
 - (3) all expenditures from the special tax allocation fund by category of permissible redevelopment project cost; and
 - (4) the balance in the special tax allocation fund at the end of the fiscal year including a breakdown of that balance by source. Such ending balance shall be designated as surplus if it is not required for anticipated redevelopment project costs or to pay debt service on bonds issued to finance redevelopment project costs, as set forth in Section 11-74.4-7 hereof.
- (f) A description of all property purchased by the municipality within the redevelopment project area including:
 - 1. Street address
 - 2. Approximate size or description of property
 - 3. Purchase price
 - 4. Seller of property.

- (g) A statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including:
1. Any project implemented in the preceding fiscal year
 2. A description of the redevelopment activities undertaken
 3. A description of any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary.
- (h) With regard to any obligations issued by the municipality:
1. copies of bond ordinances or resolutions
 2. copies of any official statements
 3. an analysis prepared by financial advisor or underwriter setting forth: (a) nature and term of obligation; and (b) projected debt service including required reserves and debt coverage.
- (i) A certified audit report reviewing compliance with this statute performed by an independent public accountant certified and licensed by the authority of the State of Illinois. The financial portion of the audit must be conducted in accordance with Standards for Audits of Governmental Organizations, Programs, Activities, and Functions adopted by the Comptroller General of the United States (1981), as amended. The audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3. If the audit indicates that expenditures are not in compliance with the law, the Department of Revenue shall withhold State sales and utility tax increment payments to the municipality until compliance has been reached, and an amount equal to the ineligible expenditures has been returned to the Special Tax Allocation Fund.

(6.1) After July 29, 1988 and before the effective date of this amendatory Act of the 91st General Assembly, any funds which have not been designated for use in a specific development project in the annual report shall be designated as surplus. No funds may be held in the Special Tax Allocation Fund for more than 36 months from the date of receipt unless the money is required for payment of contractual obligations for specific development project costs. If held for more than 36 months in violation of the preceding sentence, such funds shall be designated as surplus. Any funds designated as surplus must first be used for early redemption of any bond obligations. Any funds designated as surplus which are not disposed of as otherwise provided in this paragraph, shall be distributed as surplus as provided in Section 11-74.4-7.

(7) Any appropriation made pursuant to this Section for the 1987 State fiscal year shall not exceed the amount of \$7 million and for the 1988 State fiscal year the amount of \$10 million. The amount which shall be distributed to each municipality shall be the incremental revenue to which each municipality is entitled as calculated by the Department of Revenue, unless the requests of the municipality exceed the appropriation, then the amount to which each municipality shall be entitled shall be prorated among the municipalities in the same proportion as the increment to which the municipality would be entitled bears to the total increment which all municipalities would receive in the absence of this limitation, provided that no municipality may receive an amount in

Source: <http://www.legis.state.il.us/legislation/ilcs/ch65/ch65act5articles/ch65act5sub212.htm> and <http://www.legis.state.il.us/legislation/publicacts/fulltext.asp?Name=093-0298&print=true>

excess of 15% of the appropriation. For the 1987 Net State Sales Tax Increment payable in Fiscal Year 1989, no municipality shall receive more than 7.5% of the total appropriation; provided, however, that any of the appropriation remaining after such distribution shall be prorated among municipalities on the basis of their pro rata share of the total increment. Beginning on January 1, 1993, each municipality's proportional share of the Illinois Tax Increment Fund shall be determined by adding the annual Net State Sales Tax Increment and the annual Net Utility Tax Increment to determine the Annual Total Increment. The ratio of the Annual Total Increment of each municipality to the Annual Total Increment for all municipalities, as most recently calculated by the Department, shall determine the proportional shares of the Illinois Tax Increment Fund to be distributed to each municipality.

(7.1) No distribution of Net State Sales Tax Increment to a municipality for an area within a State Sales Tax Boundary shall exceed in any State Fiscal Year an amount equal to 3 times the sum of the Municipal Sales Tax Increment, the real property tax increment and deposits of funds from other sources, excluding state and federal funds, as certified by the city treasurer to the Department of Revenue for an area within a State Sales Tax Boundary. After July 29, 1988, for those municipalities which issue bonds between June 1, 1988 and 3 years from July 29, 1988 to finance redevelopment projects within the area in a State Sales Tax Boundary, the distribution of Net State Sales Tax Increment during the 16th through 20th years from the date of issuance of the bonds shall not exceed in any State Fiscal Year an amount equal to 2 times the sum of the Municipal Sales Tax Increment, the real property tax increment and deposits of funds from other sources, excluding State and federal funds.

(8) Any person who knowingly files or causes to be filed false information for the purpose of increasing the amount of any State tax incremental revenue commits a Class A misdemeanor.

(9) The following procedures shall be followed to determine whether municipalities have complied with the Act for the purpose of receiving distributions after July 1, 1989 pursuant to subsection (1) of this Section 11-74.4-8a.

(a) The Department of Revenue shall conduct a preliminary review of the redevelopment project areas and redevelopment plans pertaining to those municipalities receiving payments from the State pursuant to subsection (1) of Section 8a of this Act for the purpose of determining compliance with the following standards:

(1) For any municipality with a population of more than 12,000 as determined by the 1980 U.S. Census: (a) the redevelopment project area, or in the case of a municipality which has more than one redevelopment project area, each such area, must be contiguous and the total of all such areas shall not comprise more than 25% of the area within the municipal boundaries nor more than 20% of the equalized assessed value of the municipality; (b) the aggregate amount of 1985 taxes in the redevelopment project area, or in the case of a municipality which has more than one redevelopment project area, the total of all such areas, shall be not more than 25% of the total base year taxes paid by retailers and servicemen on transactions at places of business located within the municipality under the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act. Redevelopment project areas created prior to 1986 are not subject to the above standards if their boundaries were not amended in 1986.

- (2) For any municipality with a population of 12,000 or less as determined by the 1980 U.S. Census: (a) the redevelopment project area, or in the case of a municipality which has more than one redevelopment project area, each such area, must be contiguous and the total of all such areas shall not comprise more than 35% of the area within the municipal boundaries nor more than 30% of the equalized assessed value of the municipality; (b) the aggregate amount of 1985 taxes in the redevelopment project area, or in the case of a municipality which has more than one redevelopment project area, the total of all such areas, shall not be more than 35% of the total base year taxes paid by retailers and servicemen on transactions at places of business located within the municipality under the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act. Redevelopment project areas created prior to 1986 are not subject to the above standards if their boundaries were not amended in 1986.
 - (3) Such preliminary review of the redevelopment project areas applying the above standards shall be completed by November 1, 1988, and on or before November 1, 1988, the Department shall notify each municipality by certified mail, return receipt requested that either (1) the Department requires additional time in which to complete its preliminary review; or (2) the Department is issuing either (a) a Certificate of Eligibility or (b) a Notice of Review. If the Department notifies a municipality that it requires additional time to complete its preliminary investigation, it shall complete its preliminary investigation no later than February 1, 1989, and by February 1, 1989 shall issue to each municipality either (a) a Certificate of Eligibility or (b) a Notice of Review. A redevelopment project area for which a Certificate of Eligibility has been issued shall be deemed a **"State Sales Tax Boundary."**
 - (4) The Department of Revenue shall also issue a Notice of Review if the Department has received a request by November 1, 1988 to conduct such a review from taxpayers in the municipality, local taxing districts located in the municipality or the State of Illinois, or if the redevelopment project area has more than 5 retailers and has had growth in State sales tax revenue of more than 15% from calendar year 1985 to 1986.
- (b) For those municipalities receiving a Notice of Review, the Department will conduct a secondary review consisting of: (i) application of the above standards contained in subsection (9)(a)(1)(a) and (b) or (9)(a)(2)(a) and (b), and (ii) the definitions of blighted and conservation area provided for in Section 11-74.4-3. Such secondary review shall be completed by July 1, 1989. Upon completion of the secondary review, the Department will issue (a) a Certificate of Eligibility or (b) a Preliminary Notice of Deficiency. Any municipality receiving a Preliminary Notice of Deficiency may amend its redevelopment project area to meet the standards and definitions set forth in this paragraph (b). This amended redevelopment project area shall become the **"State Sales Tax Boundary"** for purposes of determining the State Sales Tax Increment.

- (c) If the municipality advises the Department of its intent to comply with the requirements of paragraph (b) of this subsection outlined in the Preliminary Notice of Deficiency, within 120 days of receiving such notice from the Department, the municipality shall submit documentation to the Department of the actions it has taken to cure any deficiencies. Thereafter, within 30 days of the receipt of the documentation, the Department shall either issue a Certificate of Eligibility or a Final Notice of Deficiency. If the municipality fails to advise the Department of its intent to comply or fails to submit adequate documentation of such cure of deficiencies the Department shall issue a Final Notice of Deficiency that provides that the municipality is ineligible for payment of the Net State Sales Tax Increment.
- (d) If the Department issues a final determination of ineligibility, the municipality shall have 30 days from the receipt of determination to protest and request a hearing. Such hearing shall be conducted in accordance with Sections 10-25, 10-35, 10-40, and 10-50 of the Illinois Administrative Procedure Act. The decision following the hearing shall be subject to review under the Administrative Review Law.
- (e) Any Certificate of Eligibility issued pursuant to this subsection 9 shall be binding only on the State for the purposes of establishing municipal eligibility to receive revenue pursuant to subsection (1) of this Section 11-74.4-8a.
- (f) It is the intent of this subsection that the periods of time to cure deficiencies shall be in addition to all other periods of time permitted by this Section, regardless of the date by which plans were originally required to be adopted. To cure said deficiencies, however, the municipality shall be required to follow the procedures and requirements pertaining to amendments, as provided in Sections 11-74.4-5 and 11-74.4-6 of this Act.

(10) If a municipality adopts a State Sales Tax Boundary in accordance with the provisions of subsection (9) of this Section, such boundaries shall subsequently be utilized to determine Revised Initial Sales Tax Amounts and the Net State Sales Tax Increment; provided, however, that such revised State Sales Tax Boundary shall not have any effect upon the boundary of the redevelopment project area established for the purposes of determining the ad valorem taxes on real property pursuant to Sections 11-74.4-7 and 11-74.4-8 of this Act nor upon the municipality's authority to implement the redevelopment plan for that redevelopment project area. For any redevelopment project area with a smaller State Sales Tax Boundary within its area, the municipality may annually elect to deposit the Municipal Sales Tax Increment for the redevelopment project area in the special tax allocation fund and shall certify the amount to the Department prior to receipt of the Net State Sales Tax Increment. Any municipality required by subsection (9) to establish a State Sales Tax Boundary for one or more of its redevelopment project areas shall submit all necessary information required by the Department concerning such boundary and the retailers therein, by October 1, 1989, after complying with the procedures for amendment set forth in Sections 11-74.4-5 and 11-74.4-6 of this Act. Net State Sales Tax Increment produced within the State Sales Tax Boundary shall be spent only within that area. However expenditures of all municipal property tax increment and municipal sales tax increment in a redevelopment project area are not required to be spent within the smaller State Sales Tax Boundary within such redevelopment project area.

(11) The Department of Revenue shall have the authority to issue rules and regulations for purposes of this Section. and regulations for purposes of this Section.

(12) If, under Section 5.4.1 of the Illinois Enterprise Zone Act, a municipality determines that property that lies within a State Sales Tax Boundary has an improvement, rehabilitation, or renovation that is entitled to a property tax abatement, then that property along with any improvements, rehabilitation, or renovations shall be immediately removed from any State Sales Tax Boundary. The municipality that made the determination shall notify the Department of Revenue within 30 days after the determination. Once a property is removed from the State Sales Tax Boundary because of the existence of a property tax abatement resulting from an enterprise zone, then that property shall not be permitted to be amended into a State Sales Tax Boundary.

(Source: P.A. 91-51, eff. 6-30-99; 91-478, eff. 11-1-99; 92-263, eff. 8-7-01.)

CANCELLATION AND REPAYMENT OF TAX BENEFITS, SEC. 11-74.4-8B

(65 ILCS 5/11-74.4-8b)

Sec. 11-74.4-8b. (Cancellation and repayment of tax benefits)

Cancellation and repayment of tax benefits. Any tax abatement or benefit granted by a taxing district under an agreement entered into under this Act to a private individual or entity for the purpose of originating, locating, maintaining, rehabilitating, or expanding a business facility shall be cancelled if the individual or entity relocated its entire facility in violation of the agreement, and the amount of the abatements or tax benefits granted before the cancellation shall be repaid to the taxing district within 30 days, as provided in Section 18-183 of the Property Tax Code.

(Source: P.A. 89-591, eff. 8-1-96.)

ENTERPRISE ZONE ABATEMENTS, SEC. 11-74.4-8C

(65 ILCS 5/11-74.4-8c)

Sec. 11-74.4-8c. Enterprise zone abatements.

If a redevelopment project area is or has been established under Section 11-74.4-4 on or before the effective date of this amendatory Act of 1997 and the redevelopment project area contains property that is located within an enterprise zone established under the Illinois Enterprise Zone Act, then the property that is located in both the redevelopment project area and the enterprise zone shall not be eligible for the abatement of taxes under Section 18-170 of the Property Tax Code if the requirements of Section 5.4.1 of the Illinois Enterprise Zone Act are satisfied. If an abatement is limited under Section 5.4.1 of the Illinois Enterprise Zone Act, a municipality shall notify the county clerk and the board of review or board of appeals of the change in writing not later than July 1 of the assessment year to be first affected by the change.
(Source: P.A. 90-258, eff. 7-30-97.)

TOTAL INITIAL EAV, SEC. 11-74.4-9

(65 ILCS 5/11-74.4-9)

Sec. 11-74.4-9. (Total Initial EAV)

(a) If a municipality by ordinance provides for tax increment allocation financing pursuant to Section 11-74.4-8, the county clerk immediately thereafter shall determine (1) the most recently ascertained equalized assessed value of each lot, block, tract or parcel of real property within such redevelopment project area from which shall be deducted the homestead exemptions provided by Sections 15-170 and 15-175 of the Property Tax Code, which value shall be the "**initial equalized assessed value**" of each such piece of property, and (2) the total equalized assessed value of all taxable real property within such redevelopment project area by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract, or parcel of real property within such project area, from which shall be deducted the homestead exemptions provided by Sections 15-170 and 15-175 of the Property Tax Code, and shall certify such amount as the "**total initial equalized assessed value**" of the taxable real property within such project area.

(b) In reference to any municipality which has adopted tax increment financing after January 1, 1978, and in respect to which the county clerk has certified the "total initial equalized assessed value" of the property in the redevelopment area, the municipality may thereafter request the clerk in writing to adjust the initial equalized value of all taxable real property within the redevelopment project area by deducting therefrom the exemptions provided for by Sections 15-170 and 15-175 of the Property Tax Code applicable to each lot, block, tract or parcel of real property within such redevelopment project area. The county clerk shall immediately after the written request to adjust the total initial equalized value is received determine the total homestead exemptions in the redevelopment project area provided by Sections 15-170 and 15-175 of the Property Tax Code by adding together the homestead exemptions provided by said Sections on each lot, block, tract or parcel of real property within such redevelopment project area and then shall deduct the total of said exemptions from the total initial equalized assessed value. The county clerk shall then promptly certify such amount as the "**total initial equalized assessed value as adjusted**" of the taxable real property within such redevelopment project area.

(c) After the county clerk has certified the "total initial equalized assessed value" of the taxable real property in such area, then in respect to every taxing district containing a redevelopment project area, the county clerk or any other official required by law to ascertain the amount of the equalized assessed value of all taxable property within such district for the purpose of computing the rate per cent of tax to be extended upon taxable property within such district, shall in every year that tax increment allocation financing is in effect ascertain the amount of value of taxable property in a redevelopment project area by including in such amount the lower of the current equalized assessed value or the certified "total initial equalized assessed value" of all taxable real property in such area, except that after he has certified the "total initial equalized assessed value as adjusted" he shall in the year of said certification if tax rates have not been extended and in every year thereafter that tax increment allocation financing is in effect ascertain the amount of value of taxable property in a redevelopment project area by including in such amount the lower of the current equalized assessed value or the certified "total initial equalized assessed value as adjusted" of all taxable real property in such area. The rate per cent of tax

determined shall be extended to the current equalized assessed value of all property in the redevelopment project area in the same manner as the rate per cent of tax is extended to all other taxable property in the taxing district. The method of extending taxes established under this Section shall terminate when the municipality adopts an ordinance dissolving the special tax allocation fund for the redevelopment project area. This Division shall not be construed as relieving property owners within a redevelopment project area from paying a uniform rate of taxes upon the current equalized assessed value of their taxable property as provided in the Property Tax Code.

(Source: P.A. 88-670, eff. 12-2-94.)

REVENUES FROM ANY PROPERTY, BUILDING OR FACILITY, SEC. 11-74.4-10

(65 ILCS 5/11-74.4-10)

Sec. 11-74.4-10. (Revenues from any property, building or facility)

Revenues received by the municipality from any property, building or facility owned, leased or operated by the municipality or any agency or authority established by the municipality ~~apartments or lots~~ may be used to pay redevelopment project costs, or reduce outstanding obligations of the municipality incurred under this Division for redevelopment project costs. The municipality may place such revenues in the special tax allocation fund, which shall be held by the municipal treasurer or other person designated by the municipality. Revenue received by the municipality from the sale or other disposition of real property acquired by the municipality with the proceeds of obligations funded by tax increment allocation financing shall be deposited by the municipality in the special tax allocation fund.

(Source: P.A. 79-1525.)

SEVERABILITY, SEC. 11-74.4-11

(65 ILCS 5/11-74.4-11)

Sec. 11-74.4-11. (Severability)

If any Section, subdivision, paragraph, sentence or clause of this Division is, for any reason, held to be invalid or unconstitutional, such decision shall not affect any remaining portion, Section or part thereof which can be given effect without the invalid provision.

(Source: P.A. 79-1525.)

SUMMARY OF 2003 ITIA CLEANUP PROVISIONS

Cleanup provision text is included in the above copy of the Act. On July 23, 2003, the Governor signed SB 417 into law (PA 93-0298). SB 417 is ITIA's annual comprehensive TIF bill designed to clean-up the Act where needed, to extend the life of member municipalities' TIFs where needed and supported by the overlapping taxing agencies and other special legislative remedies to local TIF problems. A summary of the legislation as provided by the Illinois Tax Increment Association is contained below. For a complete copy of SB 417 see [www.legis.state.il.us/legislation/Bill Status](http://www.legis.state.il.us/legislation/Bill_Status) and search for SB 417. Effective Date: 7/23/03.

Feasibility Study Definition

In an effort to give the overlapping taxing bodies' early notice of the possible creation of a new TIF, a provision was added to the TIF law stating that if a municipality "adopts an ordinance or resolution providing for a feasibility study on the designation of an area..." that it should immediately be sent to those taxing bodies. Municipalities were not required to adopt such ordinances or resolutions, but if they did, it must be sent out. As part of the 1999 TIF Reforms a requirement was added requiring municipalities establishing housing TIFs to adopt such an ordinance or resolution and send it to the overlapping taxing bodies. Unfortunately neither amendment defined what constitutes a "feasibility study". SB 417 remedies this deficiency.

TIF Termination Procedures

Outstanding and new contracts: Payments received by municipalities after the termination of the TIF on contracts entered into before the effective date of this amendatory act shall be deposited into a special fund in the municipal treasury for use on other community redevelopment needs within the TIF area. The amendment further requires that all contracts entered into after the effective date of this amendatory act shall have a term that expires no later than the date that the TIF is terminated.

TIF Termination Requirements: Adds "final closing of the books and records" of the TIF to the steps that a municipality must take prior to adoption of an ordinance dissolving the tax increment fund and terminating the TIF. In addition, the bill makes it clear that these accounting procedures must be performed in 2013, and not in 2009, for sales tax TIFs of municipalities that elect to extend the state sales tax aspect of the TIF to 2013 pursuant to existing statutory authority.

Ownership of Real and Personal Property: The bill clarifies that municipalities take ownership and title to all real and personal property and public improvements acquired by or for the municipality as a result of the TIF when those items are acquired and that ownership of those assets continue after the TIF is terminated.

TIF Loan Repayments: The bill clarifies that revenues received by the municipality from repayments of loans may be used to pay redevelopment costs or reduce outstanding obligations incurred by the municipality in order to pay redevelopment costs.

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