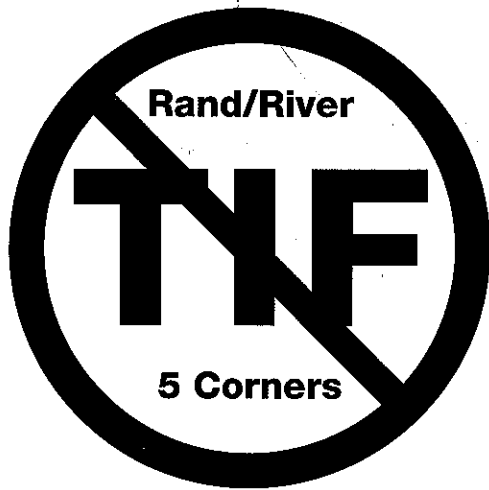


Des Plaines Residents For Responsible Taxation
1484 E. Rand Rd.
Des Plaines, IL 60016

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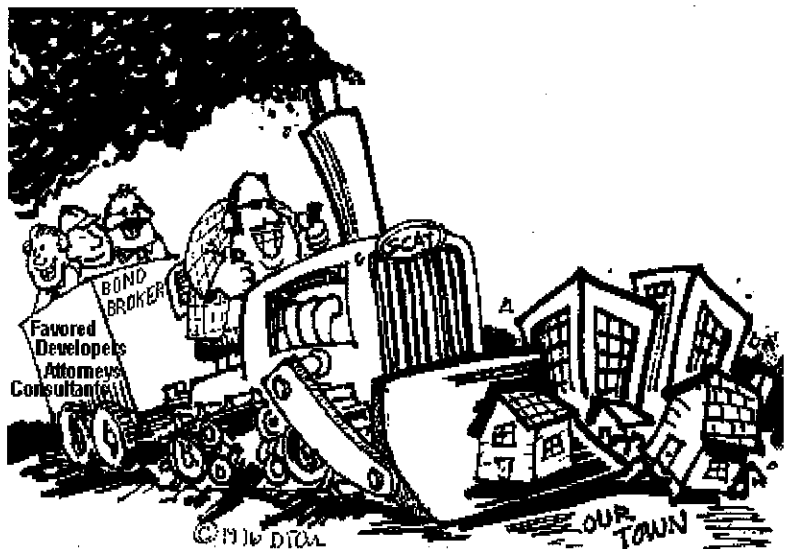


To TIF or Not to TIF?

That is the Referendum. ★

A group of local area businesses, property owners, and Des Plaines residents have been working against the formation of a fifth Des Plaines Tax Increment Financing (TIF) district known as the Rand/River - Five Corners TIF. Over 3,600 Des Plaines voters agreed this issue should be on the November 7, 2006 ballot as a referendum. Their petition signatures earned the right to tell the City Council whether or not they approve of the creation of this TIF district.

It is true that Tax Increment Financing is a complicated issue. However, with a little education, we believe the Des Plaines voters will make an informed choice.



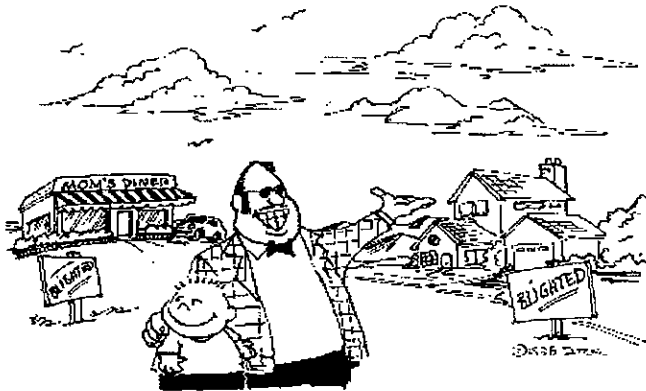
"Follow me, boys ... another town needs saving!"

Although this is a very serious issue, one with financial implications for ALL property taxpayers in Des Plaines, we present to you a cartooned look at Redevelopment Utilizing Tax Increment Financing. (Cartoons and headings by the Municipal Officials for Redevelopment Reform from their "Redevelopment: The Unknown Government" Report.)

The Redevelopment Beneficiaries

The real beneficiaries of redevelopment are not local communities, which are being forced to bid against each other for corporate "big box" retailers. They are not the individual citizens, who see their property rights eroding away as public debt mounts. The real beneficiaries are those employed by the redevelopment agencies, the consultants, lawyers, bond brokers and developers who create, finance, advise, build, and otherwise make vast sums from redevelopment projects.

Blight Makes It Right



"It's easy ... blight is whatever we say it is!"

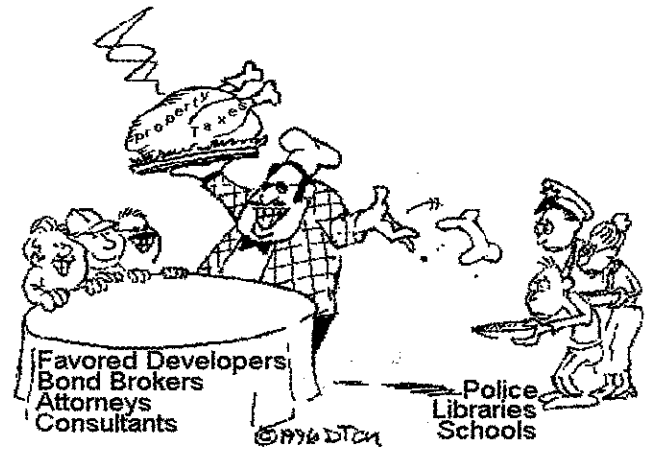
The situation of Rand/River Five Corners is no exception. The redevelopment consultant hired by the City of Des Plaines claims the area is blighted. However, a study by TJ Design Strategies, paid for by the taxing bodies, found the area did not qualify to be a TIF. In addition, Kracower & Associates, a consultant hired by a group of business owners, found that at least 2 of the 6 blight factors, claimed by the city's consultant, fail to qualify. Thus, the legality of this TIF is questionable.

Tax Increment Diversion

When a TIF district is created, the property tax increments are collected into a special TIF fund. This fund receives all tax increases, over the base amount, for the life of the TIF district, which is 23 years, unless extended to 35 years like our downtown TIF #1. The taxing bodies (schools, parks, library, county, and the city's general fund which provides for police, fireman, public works and day-to-day operations) continue to receive only the base portion of taxes from existing property owners from the year the TIF district is established, no matter what their expenses may become.



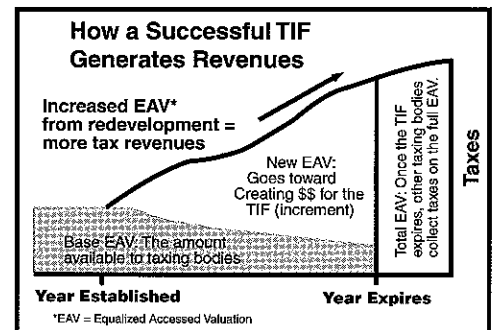
"A little diversion won't hurt, will it?"



A city only needs to justify development of an area by calling it blighted. This is easily done. To find an area blighted, a consultant is hired to conduct a study. Consultants, working with city staff, know their job is *not* to determine if there is blight, but to *declare* an area blighted regardless of what the area's conditions may be.

For example, in Lakewood, OH, a whole neighborhood of colonial homes was recently deemed blighted because the backyards were too small and the homes didn't have two-car garages. The city wants to turn the property over to private developers to build upscale condominiums and retail space. Closer to home, Mayor Daley wants to declare his loop financial district another TIF district! Is the downtown Chicago Loop area really blighted?

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As existing property owners and businesses are forced to leave the TIF area to make room for the new "big box" businesses and condos, or other residential housing, the base is reduced. This reduces the base tax dollars available for the taxing bodies. All the new business and residential property taxes go only to the increment portion or special TIF fund to be used for infrastructure improvements, redevelopment subsidies, and bond interest payments within the TIF area. Their property taxes do not benefit the taxing bodies for the remaining life of the TIF district.

Debt: Play Now, Pay Later

There are a couple reasons redevelopment debt is attractive to bond issuers. First, the debt is easy to acquire without voter approval, only city council approval is needed. Second, bond brokers love the redevelopment debt because it is secured against future tax revenue. If a city ever over extends its bond debt, surely its general fund will cover the debt payments.

This is certainly true in Des Plaines where 2 of 4 TIF districts (#5 and #6) are currently not profitable, although they may break even and begin to show a profit in about 7 years. Additionally, the Wille Road TIF #3 district will never be profitable. In a recent study by Griffith Murphy Consulting, it has been suggested that an option is to use the general fund (our tax dollars) to compensate for these poor performing TIF districts. This means the city will require higher taxes to replenish the general fund. More TIF districts mean higher taxes and fees.

Currently, the combined debt service for our four TIF districts is approximately 5 million dollars per year.



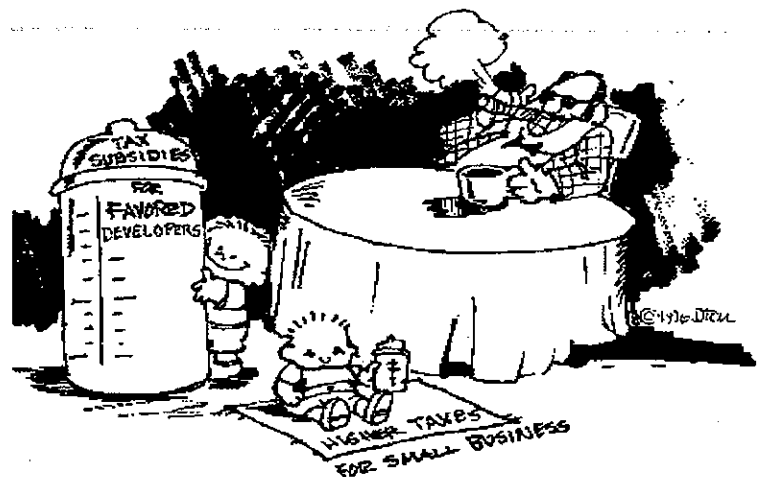
"It's easy... when you don't have to ask the voters!"



"Isn't economic development great?"

The Myth of Economic Development

Economic Development is a cliché among city officials. It refers to the belief that tax subsidies to selected private businesses can stimulate the local economy. This presumes the government planners can allocate resources better than the free market and that the free enterprise system our country was built on is inadequate. If new developments are justified by market demand, they will be built anyway. If not, they will fail, regardless of the subsidies.

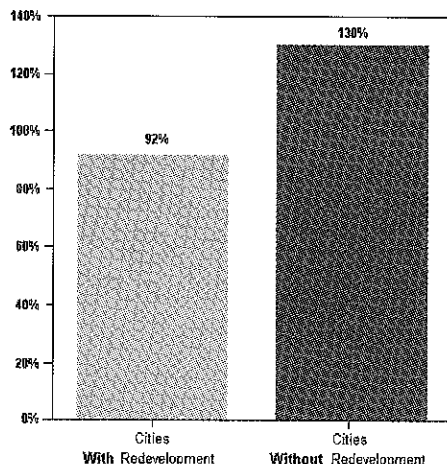


"Some are more equal than others!"

The legal purpose for redevelopment is the elimination of blight. Is redevelopment succeeding in reducing true blight? How can it be measured?

Table V

Per-Capita Income Growth
Redevelopment vs. Non-Redevelopment Cities



Any definition of blight should include depressed economies and pockets of poverty. If redevelopment is working, poverty is being reduced and general standards of living are improving. Is there evidence of this happening? Are residents in cities with development better off compared to residents of cities without redevelopment?

No, they aren't. If redevelopment was improving local economies, personal income growth would be higher in cities with redevelopment. In a study of 414 California cities, the cities with redevelopment agencies have less personal income growth than cities without! There is no evidence that all the billions of dollars spent on those cities' redevelopment had any positive effect on the elimination of blight.

This survey reflects the 313 cities with redevelopment agencies, and the 101 cities without redevelopment agencies, from 1979-89. Cities incorporated after 1979 are not included. SOURCE: United States Census Bureau, State Controller.



"What's mine is mine ... and what's yours is mine!"

Eminent Domain for Private Gain

The Bill of Rights specifies the only purpose for eminent domain is "public use". "Nor shall private property be taken for public use without just compensation."

Under redevelopment, public use has now been expanded to include privately owned auto malls, condos, movie theaters, and shopping centers. It nearly always favors large developers at the expense of small property owners. Small business owners may be compensated and relocated, but they often do not survive when cut off from their established customer base and the community that nurtured them.

Small property owners have little chance to participate in redevelopment projects. Consultants and redevelopment planners prefer to work with a single huge parcel under single ownership. Entrepreneurs and homeowners just get in the way.

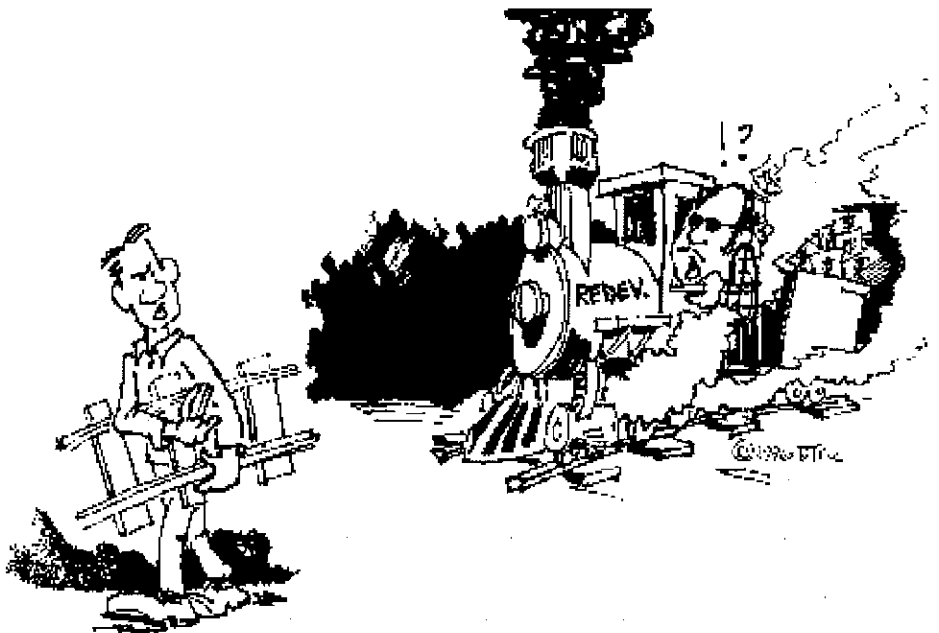
Eminent domain is both the scare tactic and the tool by which existing business and homeowners are forced to leave, whether they want to or not, and on the city's time frame. Even the property owners that do cooperate and settle prior to condemnation proceedings are often doing so because of the threat of eminent domain. This is not what eminent domain was intended to be used for. Eminent domain should be a tool of last resort for true public benefit, not the heart of the rationale for redevelopment.

What You Can Do

The City of Des Plaines residents have just witnessed the city council voting on this TIF project with no regard for the voters. Our elected officials refused to wait on approving this TIF district until the public could vote on the referendum just days away. Perhaps they believe that by voting the project through prior to the election will cause the voters to lose interest. Perhaps the issue will blow over and they will not be held accountable, partially because of term limits. Let's prove them wrong by going out November 7th and voting! Let these elected officials know they are and will be held accountable! The first step is using our right to vote.

Please help us send the message to the Des Plaines City Council and Staff that not only do you want to stop Taxation and Eminent Domain Abuse - you want to be listened to!

**VOTE NO on the Nov. 7th
TIF Referendum!**



"Your gravy train ends here!"