



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

#### HB4210

by Rep. Maria Antonia Berrios

#### SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-74.4-7

from Ch. 24, par. 11-74.4-7

65 ILCS 5/11-74.4-8

from Ch. 24, par. 11-74.4-8

Amends the Illinois Municipal Code. Provides that in municipalities with more than 1,000,000 inhabitants, 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 any public school district operating under general school law in the municipality. Further provides that if there are 2 or more school districts operating under general school law in the municipality, the funds shall be disbursed proportionately to the number of students enrolled in each district. Prohibits special charter districts from receiving these surplus funds. Effective immediately.

LRB098 14272 JLK 50829 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Municipal Code is amended by  
5 changing Sections 11-74.4-7 and 11-74.4-8 as follows:

6 (65 ILCS 5/11-74.4-7) (from Ch. 24, par. 11-74.4-7)

7 Sec. 11-74.4-7. Obligations secured by the special tax  
8 allocation fund set forth in Section 11-74.4-8 for the  
9 redevelopment project area may be issued to provide for  
10 redevelopment project costs. Such obligations, when so issued,  
11 shall be retired in the manner provided in the ordinance  
12 authorizing the issuance of such obligations by the receipts of  
13 taxes levied as specified in Section 11-74.4-9 against the  
14 taxable property included in the area, by revenues as specified  
15 by Section 11-74.4-8a and other revenue designated by the  
16 municipality. A municipality may in the ordinance pledge all or  
17 any part of the funds in and to be deposited in the special tax  
18 allocation fund created pursuant to Section 11-74.4-8 to the  
19 payment of the redevelopment project costs and obligations. Any  
20 pledge of funds in the special tax allocation fund shall  
21 provide for distribution to the taxing districts and to the  
22 Illinois Department of Revenue of moneys not required, pledged,  
23 earmarked, or otherwise designated for payment and securing of

1 the obligations and anticipated redevelopment project costs  
2 and such excess funds shall be calculated annually and deemed  
3 to be "surplus" funds. In the event a municipality only applies  
4 or pledges a portion of the funds in the special tax allocation  
5 fund for the payment or securing of anticipated redevelopment  
6 project costs or of obligations, any such funds remaining in  
7 the special tax allocation fund after complying with the  
8 requirements of the application or pledge, shall also be  
9 calculated annually and deemed "surplus" funds. In  
10 municipalities with less than 1,000,000 inhabitants, all ~~All~~  
11 surplus funds in the special tax allocation fund shall be  
12 distributed annually within 180 days after the close of the  
13 municipality's fiscal year by being paid by the municipal  
14 treasurer to the County Collector, to the Department of Revenue  
15 and to the municipality in direct proportion to the tax  
16 incremental revenue received as a result of an increase in the  
17 equalized assessed value of property in the redevelopment  
18 project area, tax incremental revenue received from the State  
19 and tax incremental revenue received from the municipality, but  
20 not to exceed as to each such source the total incremental  
21 revenue received from that source. The County Collector shall  
22 thereafter make distribution to the respective taxing  
23 districts in the same manner and proportion as the most recent  
24 distribution by the county collector to the affected districts  
25 of real property taxes from real property in the redevelopment  
26 project area. In municipalities with 1,000,000 or more

1 inhabitants, all surplus funds in the special tax allocation  
2 fund shall be distributed annually within 180 days after the  
3 close of the municipality's fiscal year by being paid by the  
4 municipal treasurer to any public school district operating  
5 under general school law in the municipality. If there are 2 or  
6 more school districts operating under general school law in the  
7 municipality, the funds shall be disbursed proportionately to  
8 the number of students enrolled in each district. No special  
9 charter districts shall receive surplus funds under this  
10 subsection.

11 Without limiting the foregoing in this Section, the  
12 municipality may in addition to obligations secured by the  
13 special tax allocation fund pledge for a period not greater  
14 than the term of the obligations towards payment of such  
15 obligations any part or any combination of the following: (a)  
16 net revenues of all or part of any redevelopment project; (b)  
17 taxes levied and collected on any or all property in the  
18 municipality; (c) the full faith and credit of the  
19 municipality; (d) a mortgage on part or all of the  
20 redevelopment project; or (e) any other taxes or anticipated  
21 receipts that the municipality may lawfully pledge.

22 Such obligations may be issued in one or more series  
23 bearing interest at such rate or rates as the corporate  
24 authorities of the municipality shall determine by ordinance.  
25 Such obligations shall bear such date or dates, mature at such  
26 time or times not exceeding 20 years from their respective

1 dates, be in such denomination, carry such registration  
2 privileges, be executed in such manner, be payable in such  
3 medium of payment at such place or places, contain such  
4 covenants, terms and conditions, and be subject to redemption  
5 as such ordinance shall provide. Obligations issued pursuant to  
6 this Act may be sold at public or private sale at such price as  
7 shall be determined by the corporate authorities of the  
8 municipalities. No referendum approval of the electors shall be  
9 required as a condition to the issuance of obligations pursuant  
10 to this Division except as provided in this Section.

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

1 referendum. The municipal clerk shall provide a petition form  
2 to any individual requesting one.

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

25 The ordinance authorizing the obligations may provide that  
26 the obligations shall contain a recital that they are issued

1 pursuant to this Division, which recital shall be conclusive  
2 evidence of their validity and of the regularity of their  
3 issuance.

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

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

21 A municipality may also issue its obligations to refund in  
22 whole or in part, obligations theretofore issued by such  
23 municipality under the authority of this Act, whether at or  
24 prior to maturity, provided however, that the last maturity of  
25 the refunding obligations may not be later than the dates set  
26 forth under Section 11-74.4-3.5.

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

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

13           (Source: P.A. 95-15, eff. 7-16-07; 95-164, eff. 1-1-08; 95-331,  
14 eff. 8-21-07; 95-346, eff. 8-21-07; 95-459, eff. 8-27-07;  
15 95-653, eff. 1-1-08; 95-662, eff. 10-11-07; 95-683, eff.  
16 10-19-07; 95-709, eff. 1-29-08; 95-876, eff. 8-21-08; 95-932,  
17 eff. 8-26-08; 95-964, eff. 9-23-08; 95-977, eff. 9-22-08;  
18 95-1028, eff. 8-25-09 (see Section 5 of P.A. 96-717 for the  
19 effective date of changes made by P.A. 95-1028); 96-328, eff.  
20 8-11-09; 96-1000, eff. 7-2-10.)

21           (65 ILCS 5/11-74.4-8) (from Ch. 24, par. 11-74.4-8)

22           Sec. 11-74.4-8. Tax increment allocation financing. A  
23 municipality may not adopt tax increment financing in a  
24 redevelopment project area after the effective date of this  
25 amendatory Act of 1997 that will encompass an area that is



1 currently included in an enterprise zone created under the  
2 Illinois Enterprise Zone Act unless that municipality,  
3 pursuant to Section 5.4 of the Illinois Enterprise Zone Act,  
4 amends the enterprise zone designating ordinance to limit the  
5 eligibility for tax abatements as provided in Section 5.4.1 of  
6 the Illinois Enterprise Zone Act. A municipality, at the time a  
7 redevelopment project area is designated, may adopt tax  
8 increment allocation financing by passing an ordinance  
9 providing that the ad valorem taxes, if any, arising from the  
10 levies upon taxable real property in such redevelopment project  
11 area by taxing districts and tax rates determined in the manner  
12 provided in paragraph (c) of Section 11-74.4-9 each year after  
13 the effective date of the ordinance until redevelopment project  
14 costs and all municipal obligations financing redevelopment  
15 project costs incurred under this Division have been paid shall  
16 be divided as follows:

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

26 (b) Except from a tax levied by a township to retire bonds

1 issued to satisfy court-ordered damages, that portion, if any,  
2 of such taxes which is attributable to the increase in the  
3 current equalized assessed valuation of each taxable lot,  
4 block, tract or parcel of real property in the redevelopment  
5 project area over and above the initial equalized assessed  
6 value of each property in the project area shall be allocated  
7 to and when collected shall be paid to the municipal treasurer  
8 who shall deposit said taxes into a special fund called the  
9 special tax allocation fund of the municipality for the purpose  
10 of paying redevelopment project costs and obligations incurred  
11 in the payment thereof. In any county with a population of  
12 3,000,000 or more that has adopted a procedure for collecting  
13 taxes that provides for one or more of the installments of the  
14 taxes to be billed and collected on an estimated basis, the  
15 municipal treasurer shall be paid for deposit in the special  
16 tax allocation fund of the municipality, from the taxes  
17 collected from estimated bills issued for property in the  
18 redevelopment project area, the difference between the amount  
19 actually collected from each taxable lot, block, tract, or  
20 parcel of real property within the redevelopment project area  
21 and an amount determined by multiplying the rate at which taxes  
22 were last extended against the taxable lot, block, track, or  
23 parcel of real property in the manner provided in subsection  
24 (c) of Section 11-74.4-9 by the initial equalized assessed  
25 value of the property divided by the number of installments in  
26 which real estate taxes are billed and collected within the

1 county; provided that the payments on or before December 31,  
2 1999 to a municipal treasurer shall be made only if each of the  
3 following conditions are met:

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

7 (2) Not more than 50% of the total equalized assessed  
8 value of the redevelopment project area as last determined  
9 is attributable to a piece of property assigned a single  
10 real estate index number.

11 (3) The municipal clerk has certified to the county  
12 clerk that the municipality has issued its obligations to  
13 which there has been pledged the incremental property taxes  
14 of the redevelopment project area or taxes levied and  
15 collected on any or all property in the municipality or the  
16 full faith and credit of the municipality to pay or secure  
17 payment for all or a portion of the redevelopment project  
18 costs. The certification shall be filed annually no later  
19 than September 1 for the estimated taxes to be distributed  
20 in the following year; however, for the year 1992 the  
21 certification shall be made at any time on or before March  
22 31, 1992.

23 (4) The municipality has not requested that the total  
24 initial equalized assessed value of real property be  
25 adjusted as provided in subsection (b) of Section  
26 11-74.4-9.

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

13           It is the intent of this Division that after the effective  
14 date of this amendatory Act of 1988 a municipality's own ad  
15 valorem tax arising from levies on taxable real property be  
16 included in the determination of incremental revenue in the  
17 manner provided in paragraph (c) of Section 11-74.4-9. If the  
18 municipality does not extend such a tax, it shall annually  
19 deposit in the municipality's Special Tax Increment Fund an  
20 amount equal to 10% of the total contributions to the fund from  
21 all other taxing districts in that year. The annual 10% deposit  
22 required by this paragraph shall be limited to the actual  
23 amount of municipally produced incremental tax revenues  
24 available to the municipality from taxpayers located in the  
25 redevelopment project area in that year if: (a) the plan for  
26 the area restricts the use of the property primarily to

1 industrial purposes, (b) the municipality establishing the  
2 redevelopment project area is a home-rule community with a 1990  
3 population of between 25,000 and 50,000, (c) the municipality  
4 is wholly located within a county with a 1990 population of  
5 over 750,000 and (d) the redevelopment project area was  
6 established by the municipality prior to June 1, 1990. This  
7 payment shall be in lieu of a contribution of ad valorem taxes  
8 on real property. If no such payment is made, any redevelopment  
9 project area of the municipality shall be dissolved.

10 If a municipality has adopted tax increment allocation  
11 financing by ordinance and the County Clerk thereafter  
12 certifies the "total initial equalized assessed value as  
13 adjusted" of the taxable real property within such  
14 redevelopment project area in the manner provided in paragraph  
15 (b) of Section 11-74.4-9, each year after the date of the  
16 certification of the total initial equalized assessed value as  
17 adjusted until redevelopment project costs and all municipal  
18 obligations financing redevelopment project costs have been  
19 paid the ad valorem taxes, if any, arising from the levies upon  
20 the taxable real property in such redevelopment project area by  
21 taxing districts and tax rates determined in the manner  
22 provided in paragraph (c) of Section 11-74.4-9 shall be divided  
23 as follows:

- 24 (1) That portion of the taxes levied upon each taxable  
25 lot, block, tract or parcel of real property which is  
26 attributable to the lower of the current equalized assessed

1 value or "current equalized assessed value as adjusted" or  
2 the initial equalized assessed value of each such taxable  
3 lot, block, tract, or parcel of real property existing at  
4 the time tax increment financing was adopted, minus the  
5 total current homestead exemptions under Article 15 of the  
6 Property Tax Code in the redevelopment project area shall  
7 be allocated to and when collected shall be paid by the  
8 county collector to the respective affected taxing  
9 districts in the manner required by law in the absence of  
10 the adoption of tax increment allocation financing.

11 (2) That portion, if any, of such taxes which is  
12 attributable to the increase in the current equalized  
13 assessed valuation of each taxable lot, block, tract, or  
14 parcel of real property in the redevelopment project area,  
15 over and above the initial equalized assessed value of each  
16 property existing at the time tax increment financing was  
17 adopted, minus the total current homestead exemptions  
18 pertaining to each piece of property provided by Article 15  
19 of the Property Tax Code in the redevelopment project area,  
20 shall be allocated to and when collected shall be paid to  
21 the municipal Treasurer, who shall deposit said taxes into  
22 a special fund called the special tax allocation fund of  
23 the municipality for the purpose of paying redevelopment  
24 project costs and obligations incurred in the payment  
25 thereof.

26 The municipality may pledge in the ordinance the funds in

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

11 Whenever a municipality issues bonds for the purpose of  
12 financing redevelopment project costs, such municipality may  
13 provide by ordinance for the appointment of a trustee, which  
14 may be any trust company within the State, and for the  
15 establishment of such funds or accounts to be maintained by  
16 such trustee as the municipality shall deem necessary to  
17 provide for the security and payment of the bonds. If such  
18 municipality provides for the appointment of a trustee, such  
19 trustee shall be considered the assignee of any payments  
20 assigned by the municipality pursuant to such ordinance and  
21 this Section. Any amounts paid to such trustee as assignee  
22 shall be deposited in the funds or accounts established  
23 pursuant to such trust agreement, and shall be held by such  
24 trustee in trust for the benefit of the holders of the bonds,  
25 and such holders shall have a lien on and a security interest  
26 in such funds or accounts so long as the bonds remain

1 outstanding and unpaid. Upon retirement of the bonds, the  
2 trustee shall pay over any excess amounts held to the  
3 municipality for deposit in the special tax allocation fund.

4 In municipalities with less than 1,000,000 inhabitants,  
5 when ~~when~~ such redevelopment projects costs, including without  
6 limitation all municipal obligations financing redevelopment  
7 project costs incurred under this Division, have been paid, all  
8 surplus funds then remaining in the special tax allocation fund  
9 shall be distributed by being paid by the municipal treasurer  
10 to the Department of Revenue, the municipality and the county  
11 collector; first to the Department of Revenue and the  
12 municipality in direct proportion to the tax incremental  
13 revenue received from the State and the municipality, but not  
14 to exceed the total incremental revenue received from the State  
15 or the municipality less any annual surplus distribution of  
16 incremental revenue previously made; with any remaining funds  
17 to be paid to the County Collector who shall immediately  
18 thereafter pay said funds to the taxing districts in the  
19 redevelopment project area in the same manner and proportion as  
20 the most recent distribution by the county collector to the  
21 affected districts of real property taxes from real property in  
22 the redevelopment project area. In municipalities with  
23 1,000,000 or more inhabitants, all surplus funds in the special  
24 tax allocation fund shall be distributed annually within 180  
25 days after the close of the municipality's fiscal year by being  
26 paid by the municipal treasurer to any public school district



1 operating under general school law in the municipality. If  
2 there are 2 or more school districts operating under general  
3 school law in the municipality, the funds shall be disbursed  
4 proportionately to the number of students enrolled in each  
5 district. No special charter districts shall receive surplus  
6 funds under this subsection.

7       Upon the payment of all redevelopment project costs, the  
8 retirement of obligations, the distribution of any excess  
9 monies pursuant to this Section, and final closing of the books  
10 and records of the redevelopment project area, the municipality  
11 shall adopt an ordinance dissolving the special tax allocation  
12 fund for the redevelopment project area and terminating the  
13 designation of the redevelopment project area as a  
14 redevelopment project area. Title to real or personal property  
15 and public improvements acquired by or for the municipality as  
16 a result of the redevelopment project and plan shall vest in  
17 the municipality when acquired and shall continue to be held by  
18 the municipality after the redevelopment project area has been  
19 terminated. Municipalities shall notify affected taxing  
20 districts prior to November 1 if the redevelopment project area  
21 is to be terminated by December 31 of that same year. If a  
22 municipality extends estimated dates of completion of a  
23 redevelopment project and retirement of obligations to finance  
24 a redevelopment project, as allowed by this amendatory Act of  
25 1993, that extension shall not extend the property tax  
26 increment allocation financing authorized by this Section.

1       Thereafter the rates of the taxing districts shall be extended  
2       and taxes levied, collected and distributed in the manner  
3       applicable in the absence of the adoption of tax increment  
4       allocation financing.

5           Nothing in this Section shall be construed as relieving  
6       property in such redevelopment project areas from being  
7       assessed as provided in the Property Tax Code or as relieving  
8       owners of such property from paying a uniform rate of taxes, as  
9       required by Section 4 of Article IX of the Illinois  
10       Constitution.

11       (Source: P.A. 98-463, eff. 8-16-13.)

12           Section 99. Effective date. This Act takes effect upon  
13       becoming law.