



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5618

by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Municipal Code. Provides that a municipality may create urban agricultural zones (UAZ) composed of organizations or persons who grow produce or other agricultural products; who raise livestock or poultry; who process livestock or poultry; or that sell a minimum of 75% locally grown food. Provides for the creation of a UAZ board to advise the corporate authorities of a municipality on UAZs. Provides for UAZ application requirements, including the number of jobs to be created, the types of products to be produced, and if applying for a vending UAZ, the ability to accept food stamps under the provisions of the Supplemental Nutrition Assistance Program if selling products to consumers, the geographic description of the area that will be included in the UAZ, and other requirements. Provides for public hearing and notice requirements before adoption of an ordinance to establish a UAZ. Provides that property taxes on property that is used for growing or raising of agricultural products located within a UAZ shall not be increased, if authorized in the UAZ ordinance, for a period of up to 25 years. Provides that sales tax amounts received from the sale of agricultural products grown or produced in a UAZ shall be deposited in the Urban Agricultural Zone Fund and specifies distribution to the municipality or school districts under specified circumstances. Allows for wholesale water rates and a reduction in water connection charges for water users who grow or raise agricultural products in the UAZ. Amends the State Finance Act by making conforming changes. Effective immediately.

LRB100 19851 AWJ 35943 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

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 State Finance Act is amended by adding
5 Section 5.886 as follows:

6 (30 ILCS 105/5.886 new)

7 Sec. 5.886. The Urban Agricultural Zone Fund.

8 Section 10. The Illinois Municipal Code is amended by
9 adding Division 15.4 to Article 11 as follows:

10 (65 ILCS 5/Art. 11 Div. 15.4 heading new)

11 DIVISION 15.4. MUNICIPAL URBAN AGRICULTURAL ZONES

12 (65 ILCS 5/11-15.4-5 new)

13 Sec. 11-15.4-5. Definitions. As used in this Division:

14 "Agricultural product" means an agricultural,
15 horticultural, viticultural, or vegetable product either in
16 its natural or processed state, that has been produced,
17 processed, or otherwise had value added to it in this State.

18 "Agricultural product" includes, but is not limited to, growing
19 of grapes that will be processed into wine; bees; honey; fish
20 or other aquacultural product; planting seed; livestock or

1 livestock product; forestry product; and poultry or poultry
2 product.

3 "Aquaculture" and "aquatic products" have the meanings
4 given to those terms in Section 4 of the Aquaculture
5 Development Act.

6 "Blighted area" means that portion of a municipality within
7 which the corporate authorities of the municipality determines
8 that by reason of age, obsolescence, inadequate or outmoded
9 design, or physical deterioration have become economic and
10 social liabilities, and that these conditions are conducive to
11 ill health, transmission of disease, crime, or inability to pay
12 reasonable taxes. "Blighted area" does not include farmland
13 assessed under Section 10-110 of the Property Tax Code.

14 "Department" means the Department of Agriculture.

15 "Domesticated animal" means cattle; calves; sheep; swine;
16 ratite birds, including, but not limited to, ostrich and emu;
17 llamas; alpaca; buffalo; elk documented as obtained from a
18 legal source and not from the wild; goats; horses and other
19 equines; or rabbits raised in confinement for human
20 consumption.

21 "Grower UAZ" means a type of UAZ:

22 (1) that can either grow produce, raise livestock, or
23 produce other value-added agricultural products; and

24 (2) that does not exceed 50 laying hens, 650 broiler
25 chickens, or 30 domesticated animals.

26 "Livestock" means cattle; calves; sheep; swine; ratite

1 birds including but not limited to ostrich and emu; aquatic
2 products obtained through aquaculture; llamas; alpaca;
3 buffalo; elk documented as obtained from a legal source and not
4 from the wild; goats; horses and other equines; or rabbits
5 raised in confinement for human consumption.

6 "Locally grown" means a product that was grown or raised in
7 the same county or adjoining county in which the UAZ is
8 located.

9 "Meat" means any edible portion of livestock or poultry
10 carcass.

11 "Meat product" means anything containing meat intended for
12 or capable of use for human consumption, which is derived, in
13 whole or in part, from livestock or poultry.

14 "Poultry" means any domesticated bird intended for human
15 consumption.

16 "Processing UAZ" means a type of UAZ:

17 (1) that processes livestock or poultry for human
18 consumption;

19 (2) that meets federal and State processing laws and
20 standards; or

21 (3) that is a qualifying small business approved by the
22 Department.

23 "Public colleges and universities" has the meaning given to
24 that term in Section 5 of the Higher Education Veterans Service
25 Act.

26 "Qualifying small business" means those enterprises which

1 are established within an Urban Agricultural Zone subsequent to
2 its creation, and which meet the definition established for the
3 federal Small Business Administration and set forth in Section
4 121.301 of Part 121 of Title 13 of the Code of Federal
5 Regulations.

6 "Sales tax amounts" means the amount of taxes paid under
7 the Retailers' Occupation Tax Act, the Use Tax Act, the Service
8 Use Tax Act, the Service Occupation Tax Act, the Municipal
9 Retailers' Occupation Tax Act, and the Municipal Service
10 Occupation Tax Act by retailers and servicemen on transactions
11 at places located in a UAZ.

12 "Urban agricultural zone" or "UAZ" means a zone within a
13 metropolitan statistical area, as defined by the United States
14 Office of Budget and Management, which has one or more of the
15 following entities that is a qualifying small business, and
16 approved by the Department, as follows:

17 (1) any organization or person who grows produce or
18 other agricultural products;

19 (2) any organization or person that raises livestock or
20 poultry;

21 (3) any organization or person who processes livestock
22 or poultry; or

23 (4) any organization that sells at a minimum 75%
24 locally grown food.

25 "Value-added agricultural products" means any product or
26 products that are the result of:

1 (1) using an agricultural product grown in this State
2 to produce a meat or dairy product in this State;

3 (2) a change in the physical state or form of the
4 original agricultural product;

5 (3) an agricultural product grown in this State which
6 has had its value enhanced by special production methods
7 such as organically grown products; or

8 (4) a physical segregation of a commodity or
9 agricultural product grown in this State that enhances its
10 value such as identity preserved marketing systems.

11 "Vending UAZ" means a type of UAZ:

12 (1) that sells produce, meat, or locally grown
13 value-added agricultural products;

14 (2) that is able to accept food stamps under the
15 provisions of the Supplemental Nutrition Assistance
16 Program as a form of payment; and

17 (3) that is a qualifying small business that is
18 approved by the Department for a UAZ vendor license.

19 (65 ILCS 5/11-15.4-10 new)

20 Sec. 11-15.4-10. Urban agricultural zone board.

21 (a) The corporate authorities of a municipality planning to
22 seek designation of an urban agricultural zone shall establish
23 an urban agricultural zone board. There shall be 7 members on
24 the board. One member of the board shall be appointed by the
25 school district or districts located within the area proposed

1 for designation as an urban agricultural zone. Two members of
2 the board shall be appointed by other affected taxing units of
3 local government. The remaining 4 members shall be appointed by
4 the president or mayor of the municipality. The 4 members
5 chosen by the president or mayor shall all be residents of the
6 municipality in which the UAZ is to be located, and at least
7 one of the 4 members shall have experience in or represent an
8 organization associated with sustainable agriculture, urban
9 farming, community gardening, or any of the activities or
10 products authorized by this Division for UAZs.

11 (b) The school district member and the 2 affected taxing
12 unit of local government members shall each have initial terms
13 of 5 years. Of the 4 members appointed by the president or
14 mayor, 2 shall have initial terms of 4 years, and 2 shall have
15 initial terms of 3 years. Thereafter, members shall serve terms
16 of 5 years. Each member shall hold office until a successor has
17 been appointed. All vacancies shall be filled in the same
18 manner as the original appointment. For inefficiency, neglect
19 of duty, or misconduct in office, a member of the board may be
20 removed by the applicable appointing authority.

21 (c) The members of the board annually shall elect a chair
22 from among the members.

23 (d) A majority of the members shall constitute a quorum of
24 the board for the purpose of conducting business and exercising
25 the powers of the board and for all other purposes. Action may
26 be taken by the board upon a vote of a majority of the members

1 present.

2 (e) The role of the board shall be to conduct the
3 activities necessary to advise the corporate authorities of the
4 municipality on the designation of an urban agricultural zone
5 and any other advisory duties as determined by the corporate
6 authorities of the municipality. The role of the board after
7 the designation of an urban agricultural zone shall be review
8 and assessment of zone activities.

9 (65 ILCS 5/11-15.4-15 new)

10 Sec. 11-15.4-15. Application for an urban agricultural
11 zone; review; dissolution.

12 (a) A person or organization may submit to the municipal
13 clerk an application to develop a UAZ in a blighted area. The
14 application shall demonstrate or identify:

15 (1) if the person or organization is a grower UAZ,
16 processing UAZ, vending UAZ, or a combination of all three
17 types of UAZs in which case the person or organization
18 shall meet the requirements of each type of UAZ in order to
19 qualify;

20 (2) the number of jobs to be created;

21 (3) the types of products to be produced;

22 (4) if applying for a vending UAZ, the ability to
23 accept food stamps under the provisions of the Supplemental
24 Nutrition Assistance Program if selling products to
25 consumers;

1 (5) the geographic description of the area that will be
2 included in the UAZ;

3 (6) all taxing units of local government impacted by
4 the proposed UAZ; and

5 (7) the amount of property taxes to be abated, if any,
6 under Section 11-15.4-25, including which taxing units of
7 local government would be impacted by the abatement.

8 (b) A municipality shall review and modify the application
9 as necessary before either approving or denying the request to
10 establish a UAZ.

11 (c) Approval of the UAZ by a municipality shall be reviewed
12 5 and 10 years after the development of the UAZ. After 25
13 years, the UAZ shall dissolve. If the municipality finds during
14 its review that the UAZ is not meeting the requirements set out
15 in this Division, the municipality may dissolve the UAZ by
16 ordinance or resolution.

17 (65 ILCS 5/11-15.4-20 new)

18 Sec. 11-15.4-20. Notice and public hearing; urban
19 agricultural zone ordinance. Prior to the adoption of an
20 ordinance designating an urban agricultural zone, the urban
21 agricultural zone board shall fix a time and place for a public
22 hearing and notify each taxing unit of local government located
23 wholly or partially within the boundaries of the proposed urban
24 agricultural zone. The board shall send, by certified mail, a
25 notice of the hearing to all taxing units of local government

1 and shall publish notice of such hearing in a newspaper of
2 general circulation in the area to be affected by the
3 designation at least 20 days prior to the hearing but not more
4 than 30 days prior to the hearing. The notice shall state the
5 time, location, date, and purpose of the hearing. At the public
6 hearing, any interested person or affected taxing unit of local
7 government may file with the board written objections or
8 comments and may be heard orally in respect to, any issues
9 embodied in the notice. The board shall hear and consider all
10 objections, comments, and other evidence presented at the
11 hearing. The hearing may be continued to another date without
12 further notice other than a motion to be entered upon the
13 minutes fixing the time and place of the subsequent hearing.

14 Following the conclusion of the public hearing required
15 under this Section, the corporate authorities of the
16 municipality may adopt an ordinance designating an urban
17 agricultural zone.

18 (65 ILCS 5/11-15.4-25 new)

19 Sec. 11-15.4-25. Taxation of property; water rates and
20 charges.

21 (a) If authorized by the urban agricultural zone ordinance
22 under Section 11-15.4-20, real property located within a UAZ
23 that is used for growing or raising of agricultural products is
24 not subject to assessment or payment of ad valorem taxes on
25 real property imposed by the State or units of local government

1 specified in the ordinance for a period of tax abatement of up
2 to 25 years as specified by ordinance under Section 11-15.4-20
3 except in an amount not greater than the amount of taxes
4 assessed in the levy year immediately preceding the levy year
5 during which the UAZ was designated. The amounts of the tax
6 assessed used for growing or raising of agricultural products
7 may not be increased during the period stated in the ordinance
8 as long as the real property is used in furtherance of the
9 activities provided under this Division. At the conclusion of
10 the period of abatement provided by the ordinance, the property
11 used for growing or raising of agricultural products shall then
12 be reassessed. If only a portion of real property is used as a
13 UAZ, then only that portion of real property shall be exempt
14 from assessment or payment of ad valorem taxes on the property
15 as provided by this Section. Parcels of property assessed under
16 Section 10-110 of the Property Tax Code are not eligible for
17 the abatement provided in this subsection (a).

18 (b) Any sales tax amounts received from the sale of
19 agricultural products grown or produced and sold in the UAZ
20 shall be deposited in the Urban Agricultural Zone Fund
21 established in Section 11-15.4-30 of this Division. An amount
22 equal to 1% shall be retained by the Director of the Department
23 of Revenue for deposit in the General Revenue Fund to offset
24 the costs of collection.

25 (c) Any entity providing water to the UAZ may authorize a
26 water user who grows or raises agricultural products in the UAZ

1 to (1) pay wholesale water rates, if available, or (2) pay 50%
2 of the standard connection charge.

3 (65 ILCS 5/11-15.4-30 new)

4 Sec. 11-15.4-30. The Urban Agricultural Zone Fund.

5 (a) The Urban Agricultural Zone Fund, a special fund
6 created in the State treasury, shall consist of moneys
7 collected under Section 5-45025 of Article 5 of the Counties
8 Code and Section 11-15.4-25 of this Division. Except as
9 provided for in subsection (b), the Comptroller shall order
10 transferred before the end of each quarter of the fiscal year,
11 and the Treasurer shall transfer, an amount equal to the moneys
12 collected from the municipal UAZs within the previous quarter.

13 (b) A school district or school districts that have a UAZ
14 in their district territory may apply to the Department for
15 money in the fund to be used for the development of curriculum
16 on or the implementation of urban farming practices under the
17 guidance of a public college or university. The funds are to be
18 distributed on a competitive basis within the school district
19 or districts in which the UAZ is located pursuant to rules
20 published by the Department, with special consideration given
21 to the relative number of students eligible for free and
22 reduced-price lunches attending the schools within the
23 district or districts. The Department may designate up to 10%
24 of moneys from quarterly sales tax amounts in the Agricultural
25 Zone Fund to school districts under this subsection (b). The

1 Department shall notify the Comptroller of any moneys awarded
2 to a school district under this subsection (b) no later than 14
3 days before the end of each quarter and the Comptroller shall
4 reduce the amount ordered transferred to the municipality by
5 that amount.

6 (65 ILCS 5/11-15.4-35 new)

7 Sec. 11-15.4-35. Severability. The provisions of this
8 Division are severable under Section 1.31 of the Statute on
9 Statutes.

10 Section 99. Effective date. This Act takes effect July 1,
11 2017.

1 INDEX

2 Statutes amended in order of appearance

3 30 ILCS 105/5.886 new

4 65 ILCS 5/Art. 11 Div.

5 15.4 heading new

6 65 ILCS 5/11-15.4-5 new

7 65 ILCS 5/11-15.4-10 new

8 65 ILCS 5/11-15.4-15 new

9 65 ILCS 5/11-15.4-20 new

10 65 ILCS 5/11-15.4-25 new

11 65 ILCS 5/11-15.4-30 new

12 65 ILCS 5/11-15.4-35 new