



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB1988

Introduced 2/17/2021, by Rep. Stephanie A. Kifowit

SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-74.4-8

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

Amends the Tax Increment Allocation Redevelopment Act of the Illinois Municipal Code. Provides that, after the effective date of the amendatory Act, the municipal treasurer shall pay: (i) 25% of the money attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in a redevelopment project area directly to school districts within the redevelopment project area in proportion to the percent of that amount that each school district would have received if there was no redevelopment project area; and (ii) the remaining 75% into the special tax allocation fund for the purpose of paying redevelopment project costs and obligations incurred in the payment thereof. Provides that, for redevelopment project areas established after the effective date of the amendatory Act, a school district within a proposed redevelopment project area may negotiate an additional percentage of money for the school district.

LRB102 13438 AWJ 18785 b

FISCAL 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 Illinois Municipal Code is amended by
5 changing Section 11-74.4-8 as follows:

6 (65 ILCS 5/11-74.4-8) (from Ch. 24, par. 11-74.4-8)

7 Sec. 11-74.4-8. Tax increment allocation financing. A
8 municipality may not adopt tax increment financing in a
9 redevelopment project area after July 30, 1997 (the effective
10 date of Public Act 90-258) ~~this amendatory Act of 1997~~ that
11 will encompass an area that is currently included in an
12 enterprise zone created under the Illinois Enterprise Zone Act
13 unless that municipality, pursuant to Section 5.4 of the
14 Illinois Enterprise Zone Act, amends the enterprise zone
15 designating ordinance to limit the eligibility for tax
16 abatements as provided in Section 5.4.1 of the Illinois
17 Enterprise Zone Act. A municipality, at the time a
18 redevelopment project area is designated, may adopt tax
19 increment allocation financing by passing an ordinance
20 providing that the ad valorem taxes, if any, arising from the
21 levies upon taxable real property in such redevelopment
22 project area by taxing districts and tax rates determined in
23 the manner provided in paragraph (c) of Section 11-74.4-9 each

1 year after the effective date of the ordinance until
2 redevelopment project costs and all municipal obligations
3 financing redevelopment project costs incurred under this
4 Division have been paid shall be divided as follows, provided,
5 however, that with respect to any redevelopment project area
6 located within a transit facility improvement area established
7 pursuant to Section 11-74.4-3.3 in a municipality with a
8 population of 1,000,000 or more, ad valorem taxes, if any,
9 arising from the levies upon taxable real property in such
10 redevelopment project area shall be allocated as specifically
11 provided in this Section:

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

22 (b) Except from a tax levied by a township to retire
23 bonds issued to satisfy court-ordered damages, that
24 portion, if any, of such taxes which is attributable to
25 the increase in the current equalized assessed valuation
26 of each taxable lot, block, tract, l or parcel of real

1 property in the redevelopment project area over and above
2 the initial equalized assessed value of each property in
3 the project area shall be allocated to and when collected
4 shall be paid to the municipal treasurer who shall deposit
5 said taxes into a special fund called the special tax
6 allocation fund of the municipality for the purpose of
7 paying redevelopment project costs and obligations
8 incurred in the payment thereof; except that, after the
9 effective date of this amendatory Act of the 102nd General
10 Assembly, the treasurer shall pay: (i) 25% of the money
11 attributable to the increase in the current equalized
12 assessed valuation of each taxable lot, block, tract, or
13 parcel of real property in the redevelopment project area
14 directly to school districts within the redevelopment
15 project area in proportion to the percent of that amount
16 that each school district would have received if there was
17 no redevelopment project area; and (ii) the remaining 75%
18 into the special tax allocation fund for the purpose of
19 paying redevelopment project costs and obligations
20 incurred in the payment thereof. For redevelopment project
21 areas established after the effective date of this
22 amendatory Act of the 102nd General Assembly, a school
23 district within a proposed redevelopment project area may
24 negotiate an additional percentage of the money
25 attributable to the increase in the current equalized
26 assessed valuation of each taxable lot, block, tract, or

1 parcel of real property in the redevelopment project other
2 than allowed by this subsection. In any county with a
3 population of 3,000,000 or more that has adopted a
4 procedure for collecting taxes that provides for one or
5 more of the installments of the taxes to be billed and
6 collected on an estimated basis, the municipal treasurer
7 shall be paid for deposit in the special tax allocation
8 fund of the municipality, from the taxes collected from
9 estimated bills issued for property in the redevelopment
10 project area, the difference between the amount actually
11 collected from each taxable lot, block, tract, or parcel
12 of real property within the redevelopment project area and
13 an amount determined by multiplying the rate at which
14 taxes were last extended against the taxable lot, block,
15 tract ~~tract~~, or parcel of real property in the manner
16 provided in subsection (c) of Section 11-74.4-9 by the
17 initial equalized assessed value of the property divided
18 by the number of installments in which real estate taxes
19 are billed and collected within the county; provided that
20 the payments on or before December 31, 1999 to a municipal
21 treasurer shall be made only if each of the following
22 conditions are met:

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

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

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

18 (4) The municipality has not requested that the
19 total initial equalized assessed value of real
20 property be adjusted as provided in subsection (b) of
21 Section 11-74.4-9.

22 The conditions of paragraphs (1) through (4) do not
23 apply after December 31, 1999 to payments to a municipal
24 treasurer made by a county with 3,000,000 or more
25 inhabitants that has adopted an estimated billing
26 procedure for collecting taxes. If a county that has

1 adopted the estimated billing procedure makes an erroneous
2 overpayment of tax revenue to the municipal treasurer,
3 then the county may seek a refund of that overpayment. The
4 county shall send the municipal treasurer a notice of
5 liability for the overpayment on or before the mailing
6 date of the next real estate tax bill within the county.
7 The refund shall be limited to the amount of the
8 overpayment.

9 It is the intent of this Division that after July 29,
10 1988 (the effective date of Public Act 85-1142) ~~this~~
11 ~~amendatory Act of 1988~~ a municipality's own ad valorem tax
12 arising from levies on taxable real property be included
13 in the determination of incremental revenue in the manner
14 provided in paragraph (c) of Section 11-74.4-9. If the
15 municipality does not extend such a tax, it shall annually
16 deposit in the municipality's Special Tax Increment Fund
17 an amount equal to 10% of the total contributions to the
18 fund from all other taxing districts in that year. The
19 annual 10% deposit required by this paragraph shall be
20 limited to the actual amount of municipally produced
21 incremental tax revenues available to the municipality
22 from taxpayers located in the redevelopment project area
23 in that year if: (a) the plan for the area restricts the
24 use of the property primarily to industrial purposes, (b)
25 the municipality establishing the redevelopment project
26 area is a home rule ~~home rule~~ community with a 1990

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

9 If a municipality has adopted tax increment allocation
10 financing by ordinance and the County Clerk thereafter
11 certifies the "total initial equalized assessed value as
12 adjusted" of the taxable real property within such
13 redevelopment project area in the manner provided in
14 paragraph (b) of Section 11-74.4-9, each year after the
15 date of the certification of the total initial equalized
16 assessed value as adjusted until redevelopment project
17 costs and all municipal obligations financing
18 redevelopment project costs have been paid the ad valorem
19 taxes, if any, arising from the levies upon the taxable
20 real property in such redevelopment project area by taxing
21 districts and tax rates determined in the manner provided
22 in paragraph (c) of Section 11-74.4-9 shall be divided as
23 follows, provided, however, that with respect to any
24 redevelopment project area located within a transit
25 facility improvement area established pursuant to Section
26 11-74.4-3.3 in a municipality with a population of

1 1,000,000 or more, ad valorem taxes, if any, arising from
2 the levies upon the taxable real property in such
3 redevelopment project area shall be allocated as
4 specifically provided in this Section:

5 (1) That portion of the taxes levied upon each
6 taxable lot, block, tract, or parcel of real property
7 which is attributable to the lower of the current
8 equalized assessed value or "current equalized
9 assessed value as adjusted" or the initial equalized
10 assessed value of each such taxable lot, block, tract,
11 or parcel of real property existing at the time tax
12 increment financing was adopted, minus the total
13 current homestead exemptions under Article 15 of the
14 Property Tax Code in the redevelopment project area
15 shall be allocated to and when collected shall be paid
16 by the county collector to the respective affected
17 taxing districts in the manner required by law in the
18 absence of the adoption of tax increment allocation
19 financing.

20 (2) That portion, if any, of such taxes which is
21 attributable to the increase in the current equalized
22 assessed valuation of each taxable lot, block, tract,
23 or parcel of real property in the redevelopment
24 project area, over and above the initial equalized
25 assessed value of each property existing at the time
26 tax increment financing was adopted, minus the total

1 current homestead exemptions pertaining to each piece
2 of property provided by Article 15 of the Property Tax
3 Code in the redevelopment project area, shall be
4 allocated to and when collected shall be paid to the
5 municipal Treasurer, who shall deposit said taxes into
6 a special fund called the special tax allocation fund
7 of the municipality for the purpose of paying
8 redevelopment project costs and obligations incurred
9 in the payment thereof; except that, after the
10 effective date of this amendatory Act of the 102nd
11 General Assembly, the treasurer shall pay: (i) 25%
12 such taxes directly to school districts within the
13 redevelopment project area in proportion to the
14 percent of that amount that each school district would
15 have received if there was no redevelopment project
16 area; and (ii) the remaining 75% into the special tax
17 allocation fund of the municipality for the purpose of
18 paying redevelopment project costs and obligations
19 incurred in the payment thereof. For redevelopment
20 project areas established after the effective date of
21 this amendatory Act of the 102nd General Assembly, a
22 school district within a proposed redevelopment
23 project area may negotiate an additional percentage of
24 such taxes other than allowed by this paragraph.

25 The municipality may pledge in the ordinance the funds
26 in and to be deposited in the special tax allocation fund

1 for the payment of such costs and obligations. No part of
2 the current equalized assessed valuation of each property
3 in the redevelopment project area attributable to any
4 increase above the total initial equalized assessed value,
5 or the total initial equalized assessed value as adjusted,
6 of such properties shall be used in calculating the
7 general State aid formula, provided for in Section 18-8 of
8 the School Code, or the evidence-based funding formula,
9 provided for in Section 18-8.15 of the School Code, until
10 such time as all redevelopment project costs have been
11 paid as provided for in this Section.

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

1 shall have a lien on and a security interest in such funds
2 or accounts so long as the bonds remain outstanding and
3 unpaid. Upon retirement of the bonds, the trustee shall
4 pay over any excess amounts held to the municipality for
5 deposit in the special tax allocation fund.

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

26 Upon the payment of all redevelopment project costs,

1 the retirement of obligations, the distribution of any
2 excess monies pursuant to this Section, and final closing
3 of the books and records of the redevelopment project
4 area, the municipality shall adopt an ordinance dissolving
5 the special tax allocation fund for the redevelopment
6 project area and terminating the designation of the
7 redevelopment project area as a redevelopment project
8 area. Title to real or personal property and public
9 improvements acquired by or for the municipality as a
10 result of the redevelopment project and plan shall vest in
11 the municipality when acquired and shall continue to be
12 held by the municipality after the redevelopment project
13 area has been terminated. Municipalities shall notify
14 affected taxing districts prior to November 1 if the
15 redevelopment project area is to be terminated by December
16 31 of that same year. If a municipality extends estimated
17 dates of completion of a redevelopment project and
18 retirement of obligations to finance a redevelopment
19 project, as allowed by Public Act 87-1272 ~~this amendatory~~
20 ~~Act of 1993~~, that extension shall not extend the property
21 tax increment allocation financing authorized by this
22 Section. Thereafter the rates of the taxing districts
23 shall be extended and taxes levied, collected and
24 distributed in the manner applicable in the absence of the
25 adoption of tax increment allocation financing.

26 If a municipality with a population of 1,000,000 or

1 more has adopted by ordinance tax increment allocation
2 financing for a redevelopment project area located in a
3 transit facility improvement area established pursuant to
4 Section 11-74.4-3.3, for each year after the effective
5 date of the ordinance until redevelopment project costs
6 and all municipal obligations financing redevelopment
7 project costs have been paid, the ad valorem taxes, if
8 any, arising from the levies upon the taxable real
9 property in that redevelopment project area by taxing
10 districts and tax rates determined in the manner provided
11 in paragraph (c) of Section 11-74.4-9 shall be divided as
12 follows:

13 (1) That portion of the taxes levied upon each
14 taxable lot, block, tract, or parcel of real property
15 which is attributable to the lower of (i) the current
16 equalized assessed value or "current equalized
17 assessed value as adjusted" or (ii) the initial
18 equalized assessed value of each such taxable lot,
19 block, tract, or parcel of real property existing at
20 the time tax increment financing was adopted, minus
21 the total current homestead exemptions under Article
22 15 of the Property Tax Code in the redevelopment
23 project area shall be allocated to and when collected
24 shall be paid by the county collector to the
25 respective affected taxing districts in the manner
26 required by law in the absence of the adoption of tax

1 increment allocation financing.

2 (2) That portion, if any, of such taxes which is
3 attributable to the increase in the current equalized
4 assessed valuation of each taxable lot, block, tract,
5 or parcel of real property in the redevelopment
6 project area, over and above the initial equalized
7 assessed value of each property existing at the time
8 tax increment financing was adopted, minus the total
9 current homestead exemptions pertaining to each piece
10 of property provided by Article 15 of the Property Tax
11 Code in the redevelopment project area, shall be
12 allocated to and when collected shall be paid by the
13 county collector as follows:

14 (A) First, that portion which would be payable
15 to a school district whose boundaries are
16 coterminous with such municipality in the absence
17 of the adoption of tax increment allocation
18 financing, shall be paid to such school district
19 in the manner required by law in the absence of the
20 adoption of tax increment allocation financing;
21 then

22 (B) 80% of the remaining portion shall be paid
23 to the municipal Treasurer, who shall deposit said
24 taxes into a special fund called the special tax
25 allocation fund of the municipality for the
26 purpose of paying redevelopment project costs and

1 obligations incurred in the payment thereof; and
2 then

3 (C) 20% of the remaining portion shall be paid
4 to the respective affected taxing districts, other
5 than the school district described in clause (a)
6 above, in the manner required by law in the
7 absence of the adoption of tax increment
8 allocation financing.

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

15 (Source: P.A. 99-792, eff. 8-12-16; 100-465, eff. 8-31-17;
16 revised 8-8-19.)