

102ND GENERAL ASSEMBLY State of Illinois 2021 and 2022 HB2963

Introduced 2/19/2021, by Rep. Blaine Wilhour

SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-74.4-7 from Ch. 24, par. 11-74.4-7 from Ch. 24, par. 11-74.4-8

Amends the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code. Provides that moneys in the special tax allocation fund may be used to make distributions to certain taxing districts. Provides that moneys received from the additional distributions may be used by the affected taxing district to pay debt service on obligations incurred by the taxing district and to provide property tax relief. Effective immediately.

LRB102 15927 AWJ 21297 b

FISCAL NOTE ACT MAY APPLY

HOUSING AFFORDABILITY IMPACT NOTE ACT MAY APPLY

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1 AN ACT concerning local government.

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

- Section 5. The Illinois Municipal Code is amended by 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. <u>Special tax allocation fund; obligations.</u>
 - (a) 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 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,

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earmarked, distributed as provided in subsection (b), or designated for payment otherwise 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 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

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Without limiting the foregoing in this Section, 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 the municipality; (d) а mortgage on part or all the redevelopment project; (d-5)repayment of bonds issued pursuant to subsection (p-130) of Section 19-1 of the School Code; 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 price as shall be determined by the corporate authorities of the

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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

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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 municipality as security for the cost of paying 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 may not be later than the dates set forth under Section 11-74.4-3.5.

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

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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.

(b) Prior to the distribution of any surplus funds under subsection (a), a municipality may make additional distributions from the special tax allocation fund to any affected taxing district, provided that the total amount of such additional distributions may not cause the balance in the special tax allocation fund to be less than the amount pledged to pay obligations secured by the special tax allocation fund. If an additional distribution is made under this subsection, the moneys may be used by the affected taxing district to pay debt service on obligations incurred by the taxing district and to provide property tax relief as provided in this subsection. Prior to receiving additional distributions under this Section, the affected taxing district may enter into an intergovernmental agreement with the municipality and may agree to reduce the amount of its property tax levy for the levy year in which the distributions are received by an amount that is not less than the total amount of additional distributions received during the taxable year.

As used in this subsection, "affected taxing district"

- 1 means a community college district, school district, park
- 2 district, library district, township, fire protection
- 3 district, or county that has the authority to directly levy
- 4 taxes on the property within the redevelopment project area.
- 5 (Source: P.A. 100-531, eff. 9-22-17.)
- 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. 8 municipality may not adopt tax increment financing in a redevelopment project area after July 30, 1997 (the effective 9 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 unless that municipality, pursuant to Section 5.4 of the 1.3 Illinois Enterprise Zone Act, amends the enterprise zone 14 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 redevelopment project area is designated, may adopt tax 18 19 increment allocation financing by passing an ordinance providing that the ad valorem taxes, if any, arising from the 20 21 levies upon taxable real property in such redevelopment 22 project area by taxing districts and tax rates determined in the manner provided in paragraph (c) of Section 11-74.4-9 each 23 24 year after the effective date of the ordinance until 25 redevelopment project costs and all municipal obligations

financing redevelopment project costs incurred under this Division have been paid shall be divided as follows, provided, however, that with respect to any redevelopment project area located within a transit facility improvement area established pursuant to Section 11-74.4-3.3 in a municipality with a population of 1,000,000 or more, ad valorem taxes, if any, arising from the levies upon taxable real property in such redevelopment project area shall be allocated as specifically provided in this Section:

- (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

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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 track, 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:

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less	than	1759	of	the	total	in	itial	equa	lized	asses	ssed
value	<u>.</u>										

- (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 property taxes of incremental 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

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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 <u>July 29</u>, <u>1988</u> (the effective date of <u>Public Act 85-1142</u>) 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

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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, provided, however, that with respect to any redevelopment project area located within a transit facility improvement area established pursuant to Section 11-74.4-3.3 in a municipality with a population of 1,000,000 or more, ad valorem taxes, if any, arising from the levies upon the taxable real property in such redevelopment project area shall be allocated as specifically provided in this Section:

- (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 under Article 15 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 Article 15 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 aid formula, provided for in Section 18-8 of the School Code, or the evidence-based funding formula, provided for in Section 18-8.15 of the School Code, until such time as all redevelopment project costs have been paid as provided for in this Section.

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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 bonds. Ιf such municipality provides the for 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, and all distributions under subsection (b) of Section 11-74.4-7 have been made, 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; 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, 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

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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 completion of a redevelopment project and of retirement of obligations to finance a redevelopment project, as allowed by Public Act 87-1272 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 and taxes levied, collected and shall be extended distributed in the manner applicable in the absence of the adoption of tax increment allocation financing.

If a municipality with a population of 1,000,000 or more has adopted by ordinance tax increment allocation financing for a redevelopment project area located in a transit facility improvement area established pursuant to Section 11-74.4-3.3, for each year after the effective date of the ordinance 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 that redevelopment project area by taxing districts and tax rates determined in the manner provided

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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 (i) the current assessed value or "current equalized equalized assessed value as adjusted" or (ii) 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 under Article 15 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 Article 15 of the Property Tax

Code in the redevelopment project area, shall be allocated to and when collected shall be paid by the county collector as follows:

- (A) First, that portion which would be payable to a school district whose boundaries are coterminous with such municipality in the absence of the adoption of tax increment allocation financing, shall be paid to such school district in the manner required by law in the absence of the adoption of tax increment allocation financing; then
- (B) 80% of the remaining portion 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; and then
- (C) 20% of the remaining portion shall be paid to the respective affected taxing districts, other than the school district described in clause (a) above, in the manner required by law 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

- 1 assessed as provided in the Property Tax Code or as relieving
- 2 owners of such property from paying a uniform rate of taxes, as
- 3 required by Section 4 of Article IX of the Illinois
- 4 Constitution.
- 5 (Source: P.A. 99-792, eff. 8-12-16; 100-465, eff. 8-31-17;
- 6 revised 8-8-19.)
- 7 Section 99. Effective date. This Act takes effect upon
- 8 becoming law.