

HB3638



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB3638

Introduced 2/24/2005, by Rep. Naomi D. Jakobsson

SYNOPSIS AS INTRODUCED:

20 ILCS 620/3

from Ch. 67 1/2, par. 1003

Amends the Economic Development Area Tax Increment Allocation Act.
Makes a technical change in a Section concerning definitions.

LRB094 10966 BDD 41556 b

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. The Economic Development Area Tax Increment
5 Allocation Act is amended by changing Section 3 as follows:

6 (20 ILCS 620/3) (from Ch. 67 1/2, par. 1003)

7 Sec. 3. Definitions. In this Act, words or terms shall have
8 the following meanings unless the context or usage clearly
9 indicates that another meaning is intended.

10 (a) "Department" means the Department of Commerce and
11 Economic Opportunity ~~Community Affairs~~.

12 (b) "Economic development plan" means the written plan of a
13 municipality which sets forth an economic development program
14 for an economic development project area. Each economic
15 development plan shall include but not be limited to (1)
16 estimated economic development project costs, (2) the sources
17 of funds to pay such costs, (3) the nature and term of any
18 obligations to be issued by the municipality to pay such costs,
19 (4) the most recent equalized assessed valuation of the
20 economic development project area, (5) an estimate of the
21 equalized assessed valuation of the economic development
22 project area after completion of an economic development
23 project, (6) the estimated date of completion of any economic
24 development project proposed to be undertaken, (7) a general
25 description of any proposed developer, user, or tenant of any
26 property to be located or improved within the economic
27 development project area, (8) a description of the type,
28 structure and general character of the facilities to be
29 developed or improved in the economic development project area,
30 (9) a description of the general land uses to apply in the
31 economic development project area, (10) a description of the
32 type, class and number of employees to be employed in the

1 operation of the facilities to be developed or improved in the
2 economic development project area, and (11) a commitment by the
3 municipality to fair employment practices and an affirmative
4 action plan with respect to any economic development program to
5 be undertaken by the municipality.

6 (c) "Economic development project" means any development
7 project in furtherance of the objectives of this Act.

8 (d) "Economic development project area" means any improved
9 or vacant area which (1) is located within or partially within
10 or partially without the territorial limits of a municipality,
11 provided that no area without the territorial limits of a
12 municipality shall be included in an economic development
13 project area without the express consent of the Department,
14 acting as agent for the State, (2) is contiguous, (3) is not
15 less in the aggregate than three hundred twenty acres, (4) is
16 suitable for siting by any commercial, manufacturing,
17 industrial, research or transportation enterprise of
18 facilities to include but not be limited to commercial
19 businesses, offices, factories, mills, processing plants,
20 assembly plants, packing plants, fabricating plants,
21 industrial or commercial distribution centers, warehouses,
22 repair overhaul or service facilities, freight terminals,
23 research facilities, test facilities or transportation
24 facilities, whether or not such area has been used at any time
25 for such facilities and whether or not the area has been used
26 or is suitable for other uses, including commercial
27 agricultural purposes, and (5) which has been approved and
28 certified by the Department pursuant to this Act.

29 (e) "Economic development project costs" mean and include
30 the sum total of all reasonable or necessary costs incurred by
31 a municipality incidental to an economic development project,
32 including, without limitation, the following:

33 (1) Costs of studies, surveys, development of plans and
34 specifications, implementation and administration of an
35 economic development plan, personnel and professional service
36 costs for architectural, engineering, legal, marketing,

1 financial, planning, police, fire, public works or other
2 services, provided that no charges for professional services
3 may be based on a percentage of incremental tax revenues;

4 (2) Property assembly costs within an economic development
5 project area, including but not limited to acquisition of land
6 and other real or personal property or rights or interests
7 therein, and specifically including payments to developers or
8 other nongovernmental persons as reimbursement for property
9 assembly costs incurred by such developer or other
10 nongovernmental person;

11 (3) Site preparation costs, including but not limited to
12 clearance of any area within an economic development project
13 area by demolition or removal of any existing buildings,
14 structures, fixtures, utilities and improvements and clearing
15 and grading; and including installation, repair, construction,
16 reconstruction, or relocation of public streets, public
17 utilities, and other public site improvements within or without
18 an economic development project area which are essential to the
19 preparation of the economic development project area for use in
20 accordance with an economic development plan; and specifically
21 including payments to developers or other nongovernmental
22 persons as reimbursement for site preparation costs incurred by
23 such developer or nongovernmental person;

24 (4) Costs of renovation, rehabilitation, reconstruction,
25 relocation, repair or remodeling of any existing buildings,
26 improvements, and fixtures within an economic development
27 project area, and specifically including payments to
28 developers or other nongovernmental persons as reimbursement
29 for such costs incurred by such developer or nongovernmental
30 person;

31 (5) Costs of construction within an economic development
32 project area of public improvements, including but not limited
33 to, buildings, structures, works, utilities or fixtures;

34 (6) Financing costs, including but not limited to all
35 necessary and incidental expenses related to the issuance of
36 obligations, payment of any interest on any obligations issued

1 hereunder which accrues during the estimated period of
2 construction of any economic development project for which such
3 obligations are issued and for not exceeding 36 months
4 thereafter, and any reasonable reserves related to the issuance
5 of such obligations;

6 (7) All or a portion of a taxing district's capital costs
7 resulting from an economic development project necessarily
8 incurred or estimated to be incurred by a taxing district in
9 the furtherance of the objectives of an economic development
10 project, to the extent that the municipality by written
11 agreement accepts and approves such costs;

12 (8) Relocation costs to the extent that a municipality
13 determines that relocation costs shall be paid or is required
14 to make payment of relocation costs by federal or State law;

15 (9) The estimated tax revenues from real property in an
16 economic development project area acquired by a municipality
17 which, according to the economic development plan, is to be
18 used for a private use and which any taxing district would have
19 received had the municipality not adopted tax increment
20 allocation financing for an economic development project area
21 and which would result from such taxing district's levies made
22 after the time of the adoption by the municipality of tax
23 increment allocation financing to the time the current
24 equalized assessed value of real property in the economic
25 development project area exceeds the total initial equalized
26 value of real property in said area;

27 (10) Costs of job training, advanced vocational or career
28 education, including but not limited to courses in
29 occupational, semi-technical or technical fields leading
30 directly to employment, incurred by one or more taxing
31 districts, provided that such costs are related to the
32 establishment and maintenance of additional job training,
33 advanced vocational education or career education programs for
34 persons employed or to be employed by employers located in an
35 economic development project area, and further provided that
36 when such costs are incurred by a taxing district or taxing

1 districts other than the municipality they shall be set forth
2 in a written agreement by or among the municipality and the
3 taxing district or taxing districts, which agreement describes
4 the program to be undertaken, including but not limited to the
5 number of employees to be trained, a description of the
6 training and services to be provided, the number and type of
7 positions available or to be available, itemized costs of the
8 program and sources of funds to pay the same, and the term of
9 the agreement. Such costs include, specifically, the payment by
10 community college districts of costs pursuant to Sections 3-37,
11 3-38, 3-40 and 3-40.1 of the Public Community College Act and
12 by school districts of costs pursuant to Sections 10-22.20a and
13 10-23.3a of The School Code;

14 (11) Private financing costs incurred by developers or
15 other nongovernmental persons in connection with an economic
16 development project, and specifically including payments to
17 developers or other nongovernmental persons as reimbursement
18 for such costs incurred by such developer or other
19 nongovernmental person, provided that:

20 (A) private financing costs shall be paid or reimbursed by
21 a municipality only pursuant to the prior official action of
22 the municipality evidencing an intent to pay or reimburse such
23 private financing costs;

24 (B) except as provided in subparagraph (D), the aggregate
25 amount of such costs paid or reimbursed by a municipality in
26 any one year shall not exceed 30% of such costs paid or
27 incurred by the developer or other nongovernmental person in
28 that year;

29 (C) private financing costs shall be paid or reimbursed by
30 a municipality solely from the special tax allocation fund
31 established pursuant to this Act and shall not be paid or
32 reimbursed from the proceeds of any obligations issued by a
33 municipality;

34 (D) if there are not sufficient funds available in the
35 special tax allocation fund in any year to make such payment or
36 reimbursement in full, any amount of such interest cost

1 remaining to be paid or reimbursed by a municipality shall
2 accrue and be payable when funds are available in the special
3 tax allocation fund to make such payment; and

4 (E) in connection with its approval and certification of an
5 economic development project pursuant to Section 5 of this Act,
6 the Department shall review any agreement authorizing the
7 payment or reimbursement by a municipality of private financing
8 costs in its consideration of the impact on the revenues of the
9 municipality and the affected taxing districts of the use of
10 tax increment allocation financing.

11 (f) "Municipality" means a city, village or incorporated
12 town.

13 (g) "Obligations" means any instrument evidencing the
14 obligation of a municipality to pay money, including without
15 limitation, bonds, notes, installment or financing contracts,
16 certificates, tax anticipation warrants or notes, vouchers,
17 and any other evidence of indebtedness.

18 (h) "Taxing districts" means counties, townships,
19 municipalities, and school, road, park, sanitary, mosquito
20 abatement, forest preserve, public health, fire protection,
21 river conservancy, tuberculosis sanitarium and any other
22 municipal corporations or districts with the power to levy
23 taxes.

24 (Source: P.A. 86-38; revised 12-6-03.)