

1 AN ACT concerning economic development.

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

4 Section 1. Short title. This Act may be cited as the STAR
5 Bonds Financing Act.

6 Section 5. Purpose. It is hereby found and declared that
7 the purpose of this Act is to promote, stimulate, and develop
8 the general and economic welfare of the State of Illinois and
9 its communities and to assist in the development and
10 redevelopment of major tourism, entertainment, retail, and
11 related destination projects within eligible areas of the
12 State, thereby creating new jobs, stimulating significant
13 capital investment, and promoting the general welfare of the
14 citizens of this State, by authorizing municipalities and
15 counties to issue sales tax and revenue (STAR) bonds for the
16 financing of STAR bond projects as defined in Section 10, and
17 to otherwise exercise the powers and authorities granted to
18 municipalities. It is further found and declared to be the
19 policy of the State, in the interest of promoting the health,
20 safety, morals, and general welfare of all the people of the
21 State, to provide incentives to create new job opportunities
22 and to promote major tourism, entertainment, retail, and
23 related destination projects within the State. It is further

1 found and declared:

2 (a) that as a result of the costs of land assemblage,
3 financing, infrastructure, and other project costs, the
4 private sector, without the assistance contemplated in
5 this Act, is unable to develop major tourism,
6 entertainment, retail, and related destination projects in
7 the State;

8 (b) that the projects for which this Act is intended
9 must be of a certain size, scope and acreage and have
10 direct access to major highways, and must be developed in a
11 cohesive and comprehensive manner;

12 (c) that the eligible tracts of land, significant
13 portions of which are vacant and located in the 100-year
14 flood plain, present unique development obstacles and are
15 more likely to remain underutilized and undeveloped, or
16 developed in a piecemeal manner resulting in inefficient
17 and poorly planned developments that do not maximize job
18 creation, job retention, tourism, and tax revenue
19 generation within the State;

20 (d) that there are multiple eligible areas in the State
21 that could benefit from this Act;

22 (e) that municipalities of the State that already have
23 an enterprise zone in place have a sufficient tool to
24 encourage development and to preserve and enhance their
25 local tax bases and job opportunities, and otherwise
26 achieve the purposes set forth in this Act;

1 (f) that investment in major tourism, entertainment,
2 retail, and related destination projects within the State
3 would stimulate economic activity in the State, including
4 the creation and maintenance of jobs, the creation of new
5 and lasting infrastructure and other improvements, and the
6 attraction of interstate tourists and entertainment events
7 which generate significant economic activity;

8 (g) that the continual encouragement, development,
9 growth, and expansion of major tourism, entertainment,
10 retail, and related destination projects within the State
11 requires a cooperative and continuous partnership between
12 government and the public sector;

13 (h) that the State has a responsibility to help create
14 a favorable climate for new and improved job opportunities
15 for its citizens and to increase the tax base of the State
16 and its political subdivisions by encouraging development
17 by the private sector of major tourism, entertainment,
18 retail, and related destination projects within the State;

19 (i) that the stagnation of local tax bases and the loss
20 of job opportunities within the State has persisted despite
21 efforts of State and local authorities and private
22 organizations to create major tourism, entertainment,
23 retail, and related destination projects within the State;

24 (j) that the stagnation of local tax bases and the
25 persistent loss of job opportunities in the State may
26 continue and worsen if the State and its political

1 subdivisions are not able to provide additional incentives
2 to developers of major tourism, entertainment, retail, and
3 related destination projects;

4 (k) that the provision of additional incentives by the
5 State and its political subdivisions will relieve
6 conditions of unemployment, maintain existing levels of
7 employment, create new job opportunities, retain jobs
8 within the State, increase tourism and commerce within the
9 State, and increase the tax base of the State and its
10 political subdivisions;

11 (l) that the powers conferred by this Act promote and
12 protect the health, safety, morals, and welfare of the
13 State, and are for a public purpose and public use for
14 which public money and resources may be expended; and

15 (m) that the necessity in the public interest for the
16 provisions of this Act is hereby declared as a matter of
17 legislative determination.

18 Section 10. Definitions. As used in this Act, the following
19 words and phrases shall have the following meanings unless a
20 different meaning clearly appears from the context:

21 "Base Year" means the calendar year immediately prior to
22 the calendar year in which the STAR bond district is
23 established.

24 "Commence work" means the manifest commencement of actual
25 operations on the development site, such as, erecting a

1 building, general on-site and off-site grading and utility
2 installations, commencing design and construction
3 documentation, ordering lead-time materials, excavating the
4 ground to lay a foundation or a basement, or work of like
5 description which a reasonable person would recognize as being
6 done with the intention and purpose to continue work until the
7 project is completed.

8 "County" means the county in which a proposed STAR bond
9 district is located.

10 "De minimus" means an amount less than 15% of the land area
11 within a STAR bond district.

12 "Department of Revenue" means the Department of Revenue of
13 the State of Illinois.

14 "Developer" means any individual, corporation, trust,
15 estate, partnership, limited liability partnership, limited
16 liability company, or other entity. The term does not include a
17 not-for-profit entity, political subdivision, or other agency
18 or instrumentality of the State.

19 "Director" means the Director of Commerce and Economic
20 Opportunity.

21 "Economic impact study" means a study to project the
22 financial benefit of the proposed STAR bond project to the
23 local, regional, and State economies.

24 "Eligible area" means any improved or vacant area that is
25 contiguous and is not, in the aggregate, less than 600 acres
26 which must include only parcels of real property directly and

1 substantially benefited by the proposed STAR bond district
2 plan, which is located adjacent to the intersection of at least
3 2 highways, one of which is an interstate highway, which area
4 must be comprised of land which is at least 90% vacant, and at
5 least 30% of which is located in the 100-year flood plain. The
6 area may be bisected by streets, highways, roads, alleys,
7 railways, bike paths, streams, rivers, and other water ways and
8 still be deemed contiguous. In addition, in order to constitute
9 an eligible area one of the following requirements must be
10 satisfied:

11 (a) the governing body of the political subdivision
12 shall have determined that the area meets the requirements
13 of a "blighted area" as defined under the Tax Increment
14 Allocation Redevelopment Act;

15 (b) the governing body of the political subdivision
16 shall have determined that the area is of a blighted area
17 as determined under the Business District Development and
18 Redevelopment Act;

19 (c) the governing body of the political subdivision
20 shall have made findings with respect to the property, the
21 proposed STAR bond project, and the proposed master
22 developer that would be required to enter into an economic
23 incentive agreement pursuant to the provisions of Section
24 8-11-20 of the Illinois Municipal Code; or

25 (d) the governing body of the political subdivision
26 shall make the following findings:

1 (i) That the vacant portions of the area have
2 remained vacant for at least one year, or that any
3 building located on a vacant portion of the property
4 was demolished within the last year and that the
5 building would have qualified under item (ii) of this
6 subsection;

7 (ii) If portions of the area are currently
8 developed, that the use, condition, and character of
9 the buildings on the property are not consistent with
10 the purposes set forth in Section 5;

11 (iii) That the STAR bond district is expected to
12 create or retain job opportunities within the
13 political subdivision;

14 (iv) That the STAR bond district will serve to
15 further the development of adjacent areas;

16 (v) That without the availability of STAR bonds,
17 the projects described in the STAR bond district plan
18 would not be possible;

19 (vi) That the master developer meets high
20 standards of creditworthiness and financial strength
21 as demonstrated by one or more of the following: (i)
22 corporate debenture ratings of BBB or higher by
23 Standard & Poor's Corporation or Baa or higher by
24 Moody's Investors Service, Inc.; (ii) a letter from a
25 financial institution with assets of \$10,000,000 or
26 more attesting to the financial strength of the master

1 developer; or (iii) specific evidence of equity
2 financing for not less than 10% of the estimated total
3 STAR bond project costs;

4 (vii) That the STAR bond district will strengthen
5 the commercial sector of the political subdivision;

6 (viii) That the STAR bond district will enhance the
7 tax base of the political subdivision; and

8 (ix) That the formation of a STAR bond district is
9 in the best interest of the political subdivision.

10 "Feasibility study" means a feasibility study as defined in
11 subsection (b) of Section 20.

12 "Local sales taxes" means taxes paid to a municipality,
13 county, or other local governmental entity from the Local
14 Government Tax Fund arising from sales by retailers and
15 servicemen within a STAR bond district, and any local taxes
16 received by a local governmental entity arising from sales by
17 retailers and servicemen within a STAR bond district, including
18 transient guest taxes, sales taxes on goods, services, and
19 utilities, business district sales taxes, the Metro-East Mass
20 Transit District Tax, and the Metro-East Park and Recreation
21 District Tax.

22 "Market study" means a study to determine the ability of
23 the proposed STAR bond project to gain market share locally and
24 regionally and to remain profitable past the term of repayment
25 of STAR bonds.

26 "Master developer" means a developer cooperating with a

1 political subdivision to plan, develop, and implement a STAR
2 bond project plan for a STAR bond district. The master
3 developer may work with and transfer certain development rights
4 to other developers for the purpose of implementing STAR bond
5 project plans and achieving the purposes of this Act. A master
6 developer for a STAR bond district shall be appointed by a
7 political subdivision in the resolution establishing the STAR
8 bond district and the master developer must, at the time of
9 appointment, own or have control of, through purchase
10 agreements, option contracts, or other means, not less than 50%
11 of the acreage within the STAR bond district.

12 "Master development agreement" means an agreement between
13 the master developer and the political subdivision to govern a
14 STAR bond district and any STAR bond projects.

15 "Municipality" means the city, village, or incorporated
16 town in which a proposed STAR bond district is located.

17 "Pledged STAR revenues" means the sales tax and revenues
18 and other sources of funds pledged to pay debt service on STAR
19 bonds or to pay project costs pursuant to Section 30.

20 "Political subdivision" means a municipality or county
21 which undertakes to establish a STAR bond district pursuant to
22 the provisions of this Act.

23 "Project development agreement" means any one or more
24 agreements, including any amendments thereto, between a master
25 developer and any co-developer or sub-developer in connection
26 with a STAR bond project, which project development agreement

1 may include the political subdivision as a party.

2 "Project costs" means those costs, whether incurred prior
3 to, on, or following the date of establishment of a STAR bond
4 district, which are necessary to implement a STAR bond district
5 plan or a STAR bond project plan, or both, including costs
6 incurred for:

7 (a) acquisition of real property within the STAR bond
8 project area;

9 (b) payment of relocation assistance pursuant to a
10 relocation assistance plan;

11 (c) site preparation costs, including but not limited
12 to: clearance of any area within a STAR bond district by
13 demolition or removal of any existing buildings,
14 structures, fixtures, utilities, and improvements;
15 clearing and grading; importing additional soil and fill
16 materials or removal of soil and fill materials from the
17 site; and installation, repair, construction,
18 reconstruction, extension or relocation of public streets,
19 public utilities, and other public site improvements
20 located both within and outside the boundaries of a STAR
21 bond district that are essential to the preparation of the
22 STAR bond district;

23 (d) sanitary and storm sewers and lift stations located
24 within or outside the boundaries of a STAR bond district
25 that are essential to the preparation of the STAR bond
26 district;

1 (e) drainage conduits, channels, levees, canals, and
2 storm water detention and retention facilities located
3 within or outside the boundaries of a STAR bond district
4 that are essential to the preparation of the STAR bond
5 district;

6 (f) street grading, paving, graveling, macadamizing,
7 curbing, guttering, and surfacing within or outside the
8 boundaries of a STAR bond district that are essential to
9 the preparation of the STAR bond district;

10 (g) street light fixtures, parking facility lighting,
11 connections, and facilities located within or outside the
12 boundaries of a STAR bond district that are essential to
13 the preparation of the STAR bond district;

14 (h) underground gas, water, heating, and electrical
15 services and connections located within the public
16 right-of-way located within or outside the boundaries of a
17 STAR bond district that are essential to the preparation of
18 the STAR bond district;

19 (i) sidewalks and pedestrian underpasses or
20 overpasses, including bike trails and walking trails,
21 bridges for pedestrian or vehicular traffic located within
22 or outside the boundaries of a STAR bond district that are
23 essential to the preparation of the STAR bond district;

24 (j) drives and driveway approaches located within the
25 public right-of-way located within or outside the
26 boundaries of a STAR bond district that are essential to

1 the preparation of the STAR bond district;

2 (k) water mains and extensions located within or
3 outside the boundaries of a STAR bond district that are
4 essential to the preparation of the STAR bond district;

5 (l) plazas, malls, arcades, and other common areas;

6 (m) parking lots and other parking facilities,
7 including multi-level parking structures;

8 (n) landscaping and plantings, man-made lakes and
9 ponds, fountains, waterfalls, water features, shelters,
10 benches, sculptures, lighting, public art, decorations,
11 and similar amenities;

12 (o) mounted building signs, site monument and pylon
13 signs, traffic and directional signs and signals located
14 within or outside the boundaries of a STAR bond district
15 that are essential to the preparation of the STAR bond
16 district;

17 (p) public restrooms and rest areas, convention
18 centers, community centers, sports arenas and complexes,
19 museums and aquariums;

20 (q) bridge, overpass, interchange, intersection, bus
21 and train stop stations and shelters, lake or river ports,
22 rest areas, railroad and other mass transit improvements,
23 and infrastructure improvements located within or outside
24 the boundaries of a STAR bond district that are essential
25 to the preparation of the STAR bond district;

26 (r) retaining walls and fences located within or

1 outside the boundaries of a STAR bond district that are
2 essential to the preparation of the STAR bond district;

3 (s) personal property that is a unique amenity to the
4 STAR bond project, including memorabilia, artifacts,
5 museum exhibits, and other similar attractions;

6 (t) buildings or other vertical improvements that are
7 owned by a not-for-profit entity, a political subdivision,
8 or other public entity, including without limitation,
9 police and fire stations, stadiums and arenas, and public
10 educational facilities;

11 (u) reasonable costs of a market study, feasibility
12 study, economic impact study, and legal, architectural
13 surveying, title examination and insurance policy,
14 accounting, engineering and other consulting fees, program
15 management, development management, bond and underwriting
16 fees incurred in connection with a STAR bond project; and
17 any other related expenses to redevelop and finance the
18 STAR bond project;

19 (v) fees and commissions which are considered
20 reasonable and customary in commercial real estate
21 development and paid to developers, real estate brokers,
22 salespersons, and other agents, financial advisors or any
23 other consultants who represent the developers or any other
24 businesses located in a STAR bond district, provided
25 however that project costs shall not include secondary
26 commissions or fees paid for leases or sales to users after

1 original acquisition of the site and the original STAR bond
2 project between master developer and a developer;

3 (w) if included in the STAR bond district plan and
4 approved by the Director, salaries or a portion of salaries
5 for local government employees to the extent the same are
6 directly attributable to the work of the employees on the
7 establishment, management, and promotion of a STAR bond
8 district and STAR bond projects; and

9 (x) financing costs, including but not limited to all
10 necessary and incidental expenses related to the issuance
11 of obligations, payment of any interest on any obligations
12 issued under this Act that accrue during the estimated
13 period of construction of any STAR bond project for which
14 the obligations are issued and for not more than 36 months
15 after that period, and any reasonable reserves related to
16 the issuance of the obligations.

17 (y) except as specified in subsections (a) through (x),
18 project costs shall not include:

19 (i) costs incurred in connection with the
20 construction of buildings or other vertical
21 improvements that are owned or leased by a developer;

22 (ii) moving expenses for employees of the
23 businesses locating within the STAR bond district;

24 (iii) property taxes for property located within
25 the STAR bond district; and

26 (iv) lobbying costs.

1 "Projected market area" means any area within the State in
2 which a STAR bond district or STAR bond project is projected to
3 have a significant fiscal or market impact.

4 "Relocation Assistance Plan" means the relocation
5 assistance plan adopted by the political subdivision as
6 provided in Section 50.

7 "Resolution" means a resolution, order, ordinance, or
8 other appropriate form of legislative action of a political
9 subdivision or other applicable public entity approved by a
10 vote of a majority of a quorum at a meeting of the governing
11 body of the political subdivision or applicable public entity.

12 "STAR bond" means a sales tax and revenue bond, note, or
13 other obligation payable from pledged STAR revenues.

14 "STAR bond district" means the specific area declared to be
15 an eligible area as determined by the political subdivision,
16 and approved by the Director, in which the political
17 subdivision may develop one or more STAR bond projects.

18 "STAR bond district plan" means the preliminary or
19 conceptual plan that generally identifies the proposed STAR
20 bond project areas and identifies in a general manner the
21 buildings, facilities, and improvements to be constructed or
22 improved in each STAR bond project area.

23 "STAR bond project" means a project within a STAR bond
24 district which is approved pursuant to Section 20.

25 "STAR bond project area" means the geographic area within a
26 STAR bond district in which there may be one or more STAR bond

1 projects.

2 "STAR bond project plan" means the written plan adopted by
3 a political subdivision for the development of a STAR bond
4 project in a STAR bond district; the plan may include but is
5 not limited to (i) project costs incurred prior to the date of
6 the STAR bond project plan and estimated future STAR bond
7 project costs, (ii) proposed sources of funds to pay those
8 costs, (iii) the nature and estimated term of any obligations
9 to be issued by the political subdivision to pay those costs,
10 (iv) the most recent equalized assessed valuation of the STAR
11 bond project area, (v) an estimate of the equalized assessed
12 valuation of the STAR bond district or applicable project area
13 after completion of a STAR bond project, (vi) a general
14 description of the types of any known or proposed developers,
15 users, or tenants of the STAR bond project or projects included
16 in the plan, (vii) a general description of the type,
17 structure, and character of the property or facilities to be
18 developed or improved, (viii) a description of the general land
19 uses to apply to the STAR bond project, and (ix) a general
20 description or an estimate of the type, class, and number of
21 employees to be employed in the operation of the STAR bond
22 project.

23 "State sales tax" means taxes paid by retailers and
24 servicemen on transactions at places of business located within
25 a STAR bond district pursuant to the Retailers' Occupation Tax
26 Act, the Use Tax Act, the Service Use Tax Act, and the Service

1 Occupation Tax Act, electric and gas tax charges imposed on
2 owners and tenants, other than residential customers, of
3 properties located within the STAR bond district under Section
4 9-222 of the Public Utilities Act, the Hotel Operators'
5 Occupation Tax, and any other sales or use taxes imposed by the
6 State within a STAR bond district.

7 "State sales tax increment" means that portion of the
8 revenue derived from State sales taxes collected from taxpayers
9 doing business within that portion of a STAR bond district
10 occupied by a STAR bond project that is in excess of the amount
11 of base year revenue determined by the Department of Revenue.

12 "Substantial change" means a change wherein the proposed
13 STAR bond project plan differs substantially in size, scope, or
14 use from the approved STAR bond district plan or STAR bond
15 project plan.

16 "Taxpayer" means an individual, partnership, corporation,
17 limited liability company, trust, estate, or other entity that
18 is subject to the Illinois Income Tax Act.

19 "Vacant" means that portion of the land in a proposed STAR
20 bond district which is not occupied by a building, facility, or
21 other vertical improvement.

22 Section 15. Establishment of STAR bond district. The
23 governing body of a municipality may establish a STAR bond
24 district within an eligible area within the municipality or
25 partially outside the boundaries of the municipality in an

1 unincorporated area of the county. A STAR bond district which
2 is partially outside the boundaries of the municipality must
3 also be approved by the governing body of the county by the
4 passage of a resolution. The governing body of a county may
5 establish a STAR bond district in an eligible area in any
6 unincorporated area of the county.

7 (a) When a political subdivision proposes to establish a
8 STAR bond district, the political subdivision shall adopt a
9 resolution stating that the political subdivision is
10 considering the establishment of a STAR bond district. The
11 resolution shall:

12 (1) Give notice that a public hearing will be held to
13 consider the establishment of a STAR bond district and fix
14 the date, hour, and place of the public hearing provided
15 that notice of the hearing shall be provided as set forth
16 in item (2) of subsection (e) of Section 20;

17 (2) describe the proposed general boundaries of the
18 STAR bond district;

19 (3) describe the STAR bond district plan;

20 (4) require that a description and map of the proposed
21 STAR bond district are available for inspection at a time
22 and place designated;

23 (5) identify the master developer for the STAR bond
24 district; and

25 (6) require that the governing body will consider
26 findings necessary for the establishment of a STAR bond

1 district.

2 (b) Upon (i) the conclusion of the public hearing and (ii)
3 the filing of the proposed master developer's written approval
4 with the clerk of the political subdivision, the governing body
5 of the political subdivision shall consider a resolution to
6 establish the STAR bond district.

7 (1) A resolution to establish a STAR bond district
8 shall:

9 (A) Make findings that the proposed STAR bond
10 district is to be developed with one or more STAR bond
11 projects;

12 (B) make findings that the STAR bond district is an
13 eligible area;

14 (C) contain a STAR bond district plan that
15 identifies in a general manner the buildings and
16 facilities that are proposed to be constructed or
17 improved in subsequent STAR bond projects;

18 (D) contain the legal description of the STAR bond
19 district;

20 (E) appoint the master developer for the STAR bond
21 district; and

22 (F) establish the STAR bond district, contingent
23 upon approval of the Director as set forth in
24 subsection (d).

25 (2) If the resolution is not adopted by the political
26 subdivision within 60 days from the conclusion of the

1 public hearing, then the STAR bond district shall not be
2 established.

3 (c) Upon the establishment of a STAR bond district, the
4 STAR bond district and any STAR bond projects shall be governed
5 by a master development agreement between the political
6 subdivision and the master developer. A STAR bond district
7 which is partially outside the boundaries of a municipality
8 shall only require one master development agreement; the
9 agreement shall be between the municipality and the master
10 developer. In no event shall there be more than one master
11 development agreement governing the terms and conditions of a
12 STAR bond district.

13 (d) Upon adoption of the resolution to establish a STAR
14 bond district, the political subdivision shall submit the
15 proposed STAR bond district to the Director for approval which
16 shall include a finding by the Director that (i) the proposed
17 STAR bond district is an eligible area, (ii) no portion of the
18 proposed STAR bond district is located in a municipality that
19 has an enterprise zone created pursuant to the Illinois
20 Promotion Act, (iii) the STAR bond district plan includes a
21 projected capital investment of at least \$300,000,000, and (iv)
22 the STAR bond district plan is reasonably projected to produce
23 at least \$300,000,000 of annual gross sales revenues and 1,000
24 new jobs. The Director may only approve one STAR bond district
25 within any projected market area.

1 Section 20. Approval of STAR bond projects. The governing
2 body of a political subdivision may establish one or more STAR
3 bond projects in any STAR bond district. A STAR bond project
4 which is partially outside the boundaries of a municipality
5 must also be approved by the governing body of the county by
6 resolution.

7 (a) After the establishment of a STAR bond district, the
8 master developer may propose one or more STAR bond projects to
9 a political subdivision and the master developer shall, in
10 cooperation with the political subdivision, prepare a STAR bond
11 project plan in consultation with the planning commission of
12 the political subdivision, if any. The STAR bond project plan
13 may be implemented in separate development stages.

14 (b) Any political subdivision considering a STAR bond
15 project within a STAR bond district shall cause to be prepared
16 an independent feasibility study by an accredited feasibility
17 consultant. The feasibility study shall include the following:

18 (1) the estimated amount of pledged STAR revenues
19 expected to be collected in each year through the maturity
20 date of the proposed STAR bonds;

21 (2) a statement of how the jobs and taxes obtained from
22 the STAR bond project will contribute significantly to the
23 economic development of the State and region;

24 (3) visitation expectations;

25 (4) the unique quality of the project;

26 (5) economic impact study;

1 (6) market study;

2 (7) integration and collaboration with other resources
3 or businesses;

4 (8) the quality of service and experience provided, as
5 measured against national consumer standards for the
6 specific target market;

7 (9) project accountability, measured according to best
8 industry practices;

9 (10) the expected return on State and local investment
10 that the STAR bond project is anticipated to produce; and

11 (11) an anticipated principal and interest payment
12 schedule on the STAR bonds.

13 The failure to include all information enumerated in this
14 subsection in the feasibility study for a STAR bond project
15 shall not affect the validity of STAR bonds issued pursuant to
16 this Act.

17 (c) If the political subdivision determines the STAR bond
18 project is feasible, the STAR bond project plan shall include:

19 (1) A summary of the feasibility study;

20 (2) a reference to the STAR bond district plan that
21 identifies the STAR bond project area that is set forth in
22 the STAR bond project plan that is being considered;

23 (3) a legal description and map of the STAR bond
24 project area to be developed or redeveloped;

25 (4) the relocation assistance plan;

26 (5) a description of the buildings and facilities

1 proposed to be constructed or improved in the STAR bond
2 project area; and

3 (6) any other information the governing body of the
4 political subdivision deems reasonable and necessary to
5 advise the public of the intent of the STAR bond project
6 plan.

7 (d) Upon a finding by the planning and zoning commission of
8 the political subdivision that the STAR bond project plan is
9 consistent with the intent of the comprehensive plan for the
10 development of the political subdivision, the governing body of
11 the political subdivision shall adopt a resolution stating that
12 the political subdivision is considering the adoption of the
13 STAR bond project plan. The resolution shall:

14 (1) Give notice that a public hearing will be held to
15 consider the adoption of the STAR bond project plan and fix
16 the date, hour, and place of the public hearing;

17 (2) describe the general boundaries of the STAR bond
18 district within which the STAR bond project will be located
19 and the date of establishment of the STAR bond district;

20 (3) describe the general boundaries of the area
21 proposed to be included within the STAR bond project area;

22 (4) provide that the STAR bond project plan and map of
23 the area to be redeveloped or developed are available for
24 inspection during regular office hours in the offices of
25 the political subdivision; and

26 (5) contain a summary of the terms and conditions of

1 any proposed project development agreement with the
2 political subdivision.

3 (e) A public hearing shall be conducted to consider the
4 adoption of any STAR bond project plan.

5 (1) The date fixed for the public hearing to consider
6 the adoption of the STAR bond project plan shall be not
7 less than 20 nor more than 90 days following the date of
8 the adoption of the resolution fixing the date of the
9 hearing.

10 (2) A copy of the municipality's resolution providing
11 for the public hearing shall be sent by certified mail,
12 return receipt requested, to the governing body of the
13 county. A copy of the political subdivision's resolution
14 providing for the public hearing shall be sent by certified
15 mail, return receipt requested, to each person or persons
16 in whose name the general taxes for the last preceding year
17 were paid on each parcel of land lying within the proposed
18 STAR bond project area within 10 days following the date of
19 the adoption of the resolution. The resolution shall be
20 published once in a newspaper of general circulation in the
21 political subdivision not less than one week nor more than
22 3 weeks preceding the date fixed for the public hearing. A
23 map or aerial photo clearly delineating the area of land
24 proposed to be included within the STAR bond project area
25 shall be published with the resolution.

26 (3) At the public hearing, a representative of the

1 political subdivision or master developer shall present
2 the STAR bond project plan. Following the presentation of
3 the STAR bond project plan, all interested persons shall be
4 given an opportunity to be heard. The governing body may
5 continue the date and time of the public hearing.

6 (f) Upon conclusion of the public hearing, the governing
7 body of the political subdivision may adopt the STAR bond
8 project plan by a resolution approving the STAR bond project
9 plan.

10 (g) After the adoption by the corporate authorities of the
11 political subdivision of a STAR bond project plan, the
12 political subdivision may enter into a project development
13 agreement if the master developer has requested the political
14 subdivision to be a party to the project development agreement
15 pursuant to subsection (b) of Section 25.

16 (h) Within 60 days after the adoption by the political
17 subdivision of a STAR bond project plan, the clerk of the
18 political subdivision shall transmit a copy of the legal
19 description of the land within the STAR bond district, a copy
20 of the resolution adopting the STAR bond project plan, and a
21 map or plat indicating the boundaries of the STAR bond district
22 to the clerk, treasurer, and governing body of the county.

23 (i) Any STAR bond project must be approved by the political
24 subdivision prior to that date which is 23 years from the date
25 of the approval of the STAR bond district, provided however
26 that any amendments to such STAR bond project may occur

1 following such date.

2 (j) Any developer of a STAR bond project shall commence
3 work on the STAR bond project within 3 years from the date of
4 adoption of the STAR bond project plan. If the developer fails
5 to commence work on the STAR bond project within the 3-year
6 period, funding for the project shall cease and the developer
7 of the project or complex shall have one year to appeal to the
8 political subdivision for reapproval of the project and
9 funding. If the project is reapproved, the 3-year period for
10 commencement shall begin again on the date of the reapproval.

11 (k) After the adoption by the corporate authorities of the
12 political subdivision of a STAR bond project plan, the
13 political subdivision may authorize the issuance of the STAR
14 bonds in one or more series to finance the STAR bond project in
15 accordance with the provisions of this Act.

16 (l) The maximum maturity of STAR bonds issued to finance a
17 STAR bond project shall not exceed 23 years from the first date
18 of distribution of State sales tax revenues from the STAR bond
19 project to the political subdivision, unless the political
20 subdivision extends such maturity by resolution up to a maximum
21 of 35 years from the date of the first distribution. Any
22 extension shall require the approval of the Director.

23 Any substantial changes to a STAR bond project plan as
24 adopted shall be subject to a public hearing following
25 publication of notice thereof in a newspaper of general
26 circulation in the political subdivision and approval by

1 resolution of the governing body of the political subdivision.

2 Section 25. Co-Developers and sub-developers. Upon
3 approval of a STAR bond project by the political subdivision,
4 the master developer may, in its discretion, develop the STAR
5 bond project on its own or it may develop the STAR bond project
6 with another developer.

7 (a) A master developer may sell, lease, or otherwise convey
8 its property interest in the STAR bond project area to a
9 co-developer or sub-developer and a master developer may also
10 assign or transfer its development rights in the STAR bond
11 project to a co-developer or sub-developer.

12 (b) A master developer may enter into one or more
13 agreements with a co-developer or sub-developer in connection
14 with a STAR bond project, and the master developer may request
15 that the political subdivision become a party to the project
16 development agreement, or the master developer may request that
17 the political subdivision amend its master development
18 agreement to provide for certain terms and conditions that may
19 be related to the co-developer or sub-developer and the STAR
20 bond project. For any project development agreement which the
21 political subdivision would be a party or for any amendments to
22 the master development agreement, the terms and conditions must
23 be acceptable to both the master developer and the political
24 subdivision.

1 Section 30. STAR bonds; source of payment. Any political
2 subdivision shall have the power to issue STAR bonds in one or
3 more series to finance the undertaking of any STAR bond project
4 in accordance with the provisions of this Act and the Omnibus
5 Bond Acts. STAR bonds may be issued as revenue bonds, alternate
6 bonds, or general obligation bonds as defined in and subject to
7 the procedures provided in the Local Government Debt Reform
8 Act.

9 (a) STAR bonds may be made payable, both as to principal
10 and interest, from the following revenues, which to the extent
11 pledged by each respective political subdivision or other
12 public entity for such purpose shall constitute pledged STAR
13 revenues:

14 (1) revenues of the political subdivision derived from
15 or held in connection with the undertaking and carrying out
16 of any STAR bond project or projects under this Act;

17 (2) available private funds and contributions, grants,
18 tax credits, or other financial assistance from the State
19 or federal government;

20 (3) all of the local sales taxes of a municipality and
21 county;

22 (4) any tax increment financing revenues collected
23 within the STAR bond district under the Tax Increment
24 Allocation Act, and any special service area taxes
25 collected within the STAR bond district under the Special
26 Service Area Act, may be used for the purposes of funding

1 project costs or paying debt service on STAR bonds in
2 addition to the purposes contained in the tax increment
3 financing plan or special service area plan;

4 (5) all of the State sales tax increment; the
5 Director's approval of a STAR bond district shall be deemed
6 an irrevocable pledge of the State sales tax increment;

7 (6) any other revenues appropriated by the political
8 subdivision; and

9 (7) any combination of these methods.

10 (b) The political subdivision may pledge the pledged STAR
11 revenues to the repayment of STAR bonds prior to,
12 simultaneously with, or subsequent to the issuance of the STAR
13 bonds.

14 (c) Local sales taxes and State sales taxes shall, for the
15 purposes of this Act, be deemed to accrue and shall be
16 collected at the point of sale for all sales transactions
17 within a STAR bond district, regardless of whether goods or
18 services sold are subsequently delivered to customers at a
19 location outside of the STAR bond district.

20 (d) Bonds issued as revenue bonds shall not be general
21 obligations of the political subdivision, nor in any event
22 shall they give rise to a charge against its general credit or
23 taxing powers, or be payable out of any funds or properties
24 other than those set forth in subsection (a) and the bonds
25 shall so state on their face.

26 (e) For each STAR bond project financed with STAR bonds

1 payable from the pledged STAR revenues, the political
2 subdivision shall prepare and submit to the Director by June 1
3 of each year, a report describing the status of the STAR bond
4 project, any expenditures of the proceeds of STAR bonds that
5 have occurred for the preceding calendar year, and any
6 expenditures of the proceeds of the bonds expected to occur in
7 the future, including the amount of pledged STAR revenue, the
8 amount of revenue that has been spent, the projected amount of
9 the revenue, and the anticipated use of the revenue.

10 (f) The Department of Revenue shall distribute State sales
11 tax revenues received from STAR bond projects to the political
12 subdivision on a monthly basis.

13 Section 35. Alternate bonds and general obligation bonds. A
14 political subdivision shall have the power to issue alternate
15 revenue and other general obligation bonds to finance the
16 undertaking, establishment, or redevelopment of any STAR bond
17 project as provided and pursuant to the procedures set forth in
18 the Local Government Debt Reform Act. A political subdivision
19 shall have the power to issue general obligation bonds to
20 finance the undertaking, establishment, or redevelopment of
21 any STAR bond project on approval by the voters of the
22 political subdivision of a proposition authorizing the
23 issuance of such bonds.

24 The full faith and credit of the State, any department,
25 authority, public corporation or quasi-public corporation of

1 the State, any State college or university, or any other public
2 agency created by the State shall not be pledged for any
3 payment under any obligation authorized by this Act.

4 Section 40. Amendments to STAR bond district. Any addition
5 of real property to a STAR bond district or any substantial
6 change to a STAR bond district plan shall be subject to the
7 same procedure for public notice, hearing, and approval as is
8 required for the establishment of the STAR bond district
9 pursuant to this Act.

10 (a) The addition or removal of land to or from a STAR bond
11 district shall require the consent of the master developer of
12 the STAR bond district.

13 (b) Any land which is outside of, but is contiguous to an
14 established STAR bond district and is subsequently owned,
15 leased, or controlled by the master developer shall be added to
16 a STAR bond district at the request of the master developer to
17 the political subdivision, provided that the land becomes a
18 part of a STAR bond project area.

19 (c) If a political subdivision has undertaken a STAR bond
20 project within a STAR bond district, and the political
21 subdivision desires to subsequently remove more than a de
22 minimus amount of real property from the STAR bond district,
23 then prior to any removal of property the political subdivision
24 must provide a revised feasibility study showing that the
25 pledged STAR revenues from the resulting STAR bond district

1 within which the STAR bond project is located are estimated to
2 be sufficient to pay the project costs. If the revenue from the
3 resulting STAR bond district is insufficient to pay the project
4 costs, then the property may not be removed from the STAR bond
5 district. Any removal of real property from a STAR bond
6 district shall be approved by a resolution of the governing
7 body of the political subdivision.

8 Section 45. Other incentives. Nothing contained in this Act
9 shall be deemed to preclude the use of grants, tax abatements
10 and exemptions, tax increment financing, income and tax
11 credits, incentive agreements, special service area taxes, or
12 other types of bonds or other public incentives in connection
13 with STAR bond projects.

14 Section 50. Relocation assistance. Before any property
15 shall be acquired for a STAR bond project pursuant to eminent
16 domain, a relocation assistance plan shall be approved by the
17 governing body of the political subdivision proposing to
18 undertake the condemnation. The relocation plan shall be
19 substantially similar to provisions of the Uniform Relocation
20 Assistance and Real Property Acquisition Act and regulations
21 promulgated thereunder.

22 Section 55. Reporting taxes. Notwithstanding any other
23 provisions of law to the contrary, copies of all retailers'

1 sales, use, and transient guest tax returns filed with the
2 Department of Revenue in connection with a STAR bond project
3 area or STAR bond project, for which sales, use, and transient
4 guest tax revenues are pledged or otherwise intended to be used
5 in whole or in part for the payment of STAR bonds issued to
6 finance project costs in the STAR bond project area, shall be
7 provided by the Department of Revenue to the bond trustee,
8 escrow agent, or paying agent for the bonds upon the written
9 request of the political subdivision within 15 days of receipt
10 by the Director of the Department of Revenue.

11 (a) The bond trustee, escrow agent, or paying agent shall
12 keep the retailers' sales, use, and transient guest tax returns
13 and the information contained therein confidential, but may use
14 the information for purposes of allocating and depositing the
15 sales, use, and transient guest tax revenues in connection with
16 the bonds used to finance project costs in the STAR bond
17 district. Except as otherwise provided herein, the sales, use,
18 and transient guest tax returns received by the bond trustee,
19 escrow agent, or paying agent shall be subject to the
20 provisions of Chapter 35 of the Illinois Compiled Statutes,
21 including Section 3 of the Retailers' Occupation Tax Act,
22 Section 6 of the Hotel Operators' Occupation Tax Act, and
23 Section 9 of the Use Tax Act.

24 (b) The Department of Revenue shall determine when the
25 amount of sales tax and other revenues that have been collected
26 and distributed to the bond debt service or reserve fund is

1 sufficient to satisfy all principal and interest costs to the
2 maturity date or dates of any STAR bonds issued by a political
3 subdivision to finance a STAR bond project. Thereafter, all
4 sales tax and other revenues shall be collected and distributed
5 in accordance with applicable law.

6 Section 60. Severability. If any provision of this Act or
7 the application thereof to any persons or circumstances is held
8 invalid, such invalidity shall not affect other provisions or
9 application of the Act which can be given effect without the
10 invalid provisions or application and to this end the
11 provisions of this Act are declared to be severable.

12 Section 65. Open meetings. The public hearing records,
13 feasibility study, and other documents that do not otherwise
14 meet a confidentiality exemption shall be subject to the Open
15 Meetings Act.

16 Section 70. Powers of political subdivisions. The
17 provisions of this Act are intended to be supplemental and in
18 addition to all other power or authority granted to political
19 subdivisions, shall be construed liberally and shall not be
20 construed as a limitation of any power or authority otherwise
21 granted. In addition to the powers a political subdivision may
22 have under other provisions of law, a political subdivision
23 shall have the following powers in connection with a STAR bond

1 district:

2 (a) To make and enter into all contracts necessary or
3 incidental to the implementation and furtherance of a STAR
4 bond district plan.

5 (b) Within a STAR bond district, to acquire by
6 purchase, donation, or lease, and to own, convey, lease,
7 mortgage, or dispose of land and other real or personal
8 property or rights or interests in property and to grant or
9 acquire licenses, easements, and options with respect to
10 property, all in the manner and at a price the political
11 subdivision determines is reasonably necessary to achieve
12 the objectives of the STAR bond project.

13 (c) To clear any area within a STAR bond district by
14 demolition or removal of any existing buildings,
15 structures, fixtures, utilities, or improvements and to
16 clear and grade land.

17 (d) To install, repair, construct, reconstruct, extend
18 or relocate public streets, public utilities, and other
19 public site improvements located both within and outside
20 the boundaries of a STAR bond district that are essential
21 to the preparation of a STAR bond district for use in
22 accordance with a STAR bond district plan.

23 (e) To renovate, rehabilitate, reconstruct, relocate,
24 repair, or remodel any existing buildings, improvements,
25 and fixtures within a STAR bond district.

26 (f) To install or construct any public buildings,

1 structures, works, streets, improvements, utilities, or
2 fixtures within a STAR bond district.

3 (g) To issue STAR bonds as provided in this Act.

4 (h) To fix, charge, and collect fees, rents, and
5 charges for the use of any building, facility, or property
6 or any portion of a building, facility, or property owned
7 or leased by the political subdivision in furtherance of a
8 STAR bond project under this Act within a STAR bond
9 district.

10 (i) To accept grants, guarantees, donations of
11 property or labor, or any other thing of value for use in
12 connection with a STAR bond project.

13 (j) To pay or cause to be paid STAR bond project costs,
14 including, specifically, to reimburse any developer or
15 nongovernmental person for STAR bond project costs
16 incurred by that person. A political subdivision is not
17 required to obtain any right, title, or interest in any
18 real or personal property in order to pay STAR bond project
19 costs associated with the property. The political
20 subdivision shall adopt accounting procedures necessary to
21 determine that the STAR bond project costs are properly
22 paid.

23 (k) To exercise any and all other powers necessary to
24 effectuate the purposes of this Act.

25 Section 75. The Illinois Municipal Code is amended by

1 changing Section 8-4-1 as follows:

2 (65 ILCS 5/8-4-1) (from Ch. 24, par. 8-4-1)

3 Sec. 8-4-1. No bonds shall be issued by the corporate
4 authorities of any municipality until the question of
5 authorizing such bonds has been submitted to the electors of
6 that municipality provided that notice of the bond referendum,
7 if held before July 1, 1999, has been given in accordance with
8 the provisions of Section 12-5 of the Election Code in effect
9 at the time of the bond referendum, at least 10 and not more
10 than 45 days before the date of the election, notwithstanding
11 the time for publication otherwise imposed by Section 12-5, and
12 approved by a majority of the electors voting upon that
13 question. Notices required in connection with the submission of
14 public questions on or after July 1, 1999 shall be as set forth
15 in Section 12-5 of the Election Code. The clerk shall certify
16 the proposition of the corporate authorities to the proper
17 election authority who shall submit the question at an election
18 in accordance with the general election law, subject to the
19 notice provisions set forth in this Section.

20 Notice of any such election shall contain the amount of the
21 bond issue, purpose for which issued, and maximum rate of
22 interest.

23 However, without the submission of the question of issuing
24 bonds to the electors, the corporate authorities of any
25 municipality may authorize the issuance of any of the following

1 bonds:

2 (1) Bonds to refund any existing bonded indebtedness;

3 (2) Bonds to fund or refund any existing judgment
4 indebtedness;

5 (3) In any municipality of less than 500,000 population,
6 bonds to anticipate the collection of installments of special
7 assessments and special taxes against property owned by the
8 municipality and to anticipate the collection of the amount
9 apportioned to the municipality as public benefits under
10 Article 9;

11 (4) Bonds issued by any municipality under Sections 8-4-15
12 through 8-4-23, 11-23-1 through 11-23-12, 11-25-1 through
13 11-26-6, 11-71-1 through 11-71-10, 11-74.3-1 through
14 11-74.3-7, 11-74.4-1 through 11-74.4-11, 11-74.5-1 through
15 11-74.5-15, 11-94-1 through 11-94-7, 11-102-1 through
16 11-102-10, 11-103-11 through 11-103-15, 11-118-1 through
17 11-118-6, 11-119-1 through 11-119-5, 11-129-1 through
18 11-129-7, 11-133-1 through 11-133-4, 11-139-1 through
19 11-139-12, 11-141-1 through 11-141-18 of this Code or 10-801
20 through 10-808 of the Illinois Highway Code, as amended;

21 (5) Bonds issued by the board of education of any school
22 district under the provisions of Sections 34-30 through 34-36
23 of The School Code, as amended;

24 (6) Bonds issued by any municipality under the provisions
25 of Division 6 of this Article 8; and by any municipality under
26 the provisions of Division 7 of this Article 8; or under the

1 provisions of Sections 11-121-4 and 11-121-5;

2 (7) Bonds to pay for the purchase of voting machines by any
3 municipality that has adopted Article 24 of The Election Code,
4 approved May 11, 1943, as amended;

5 (8) Bonds issued by any municipality under Sections 15 and
6 46 of the "Environmental Protection Act", approved June 29,
7 1970;

8 (9) Bonds issued by the corporate authorities of any
9 municipality under the provisions of Section 8-4-25 of this
10 Article 8;

11 (10) Bonds issued under Section 8-4-26 of this Article 8 by
12 any municipality having a board of election commissioners;

13 (11) Bonds issued under the provisions of "An Act to
14 provide the manner of levying or imposing taxes for the
15 provision of special services to areas within the boundaries of
16 home rule units and nonhome rule municipalities and counties",
17 approved September 21, 1973;

18 (12) Bonds issued under Section 8-5-16 of this Code;

19 (13) Bonds to finance the cost of the acquisition,
20 construction or improvement of water or wastewater treatment
21 facilities mandated by an enforceable compliance schedule
22 developed in connection with the federal Clean Water Act or a
23 compliance order issued by the United States Environmental
24 Protection Agency or the Illinois Pollution Control Board;
25 provided that such bonds are authorized by an ordinance adopted
26 by a three-fifths majority of the corporate authorities of the

1 municipality issuing the bonds which ordinance shall specify
2 that the construction or improvement of such facilities is
3 necessary to alleviate an emergency condition in such
4 municipality;

5 (14) Bonds issued by any municipality pursuant to Section
6 11-113.1-1;

7 (15) Bonds issued under Sections 11-74.6-1 through
8 11-74.6-45, the Industrial Jobs Recovery Law of this Code.

9 (16) Bonds issued under the STAR Bond Financing Act, except
10 as may be required by Section 35 of that Act.

11 (Source: P.A. 90-706, eff. 8-7-98; 90-812, eff. 1-26-99; 91-57,
12 eff. 6-30-99.)

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