

HB1234



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB1234

Introduced 02/08/11, by Rep. Rita Mayfield

SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-74.4-8

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

Amends the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code. Provides that 3 years after a redevelopment project area is established, the portion of taxes levied by a school district located in the redevelopment project area shall be allocated and paid to the school district in the manner required by law in the absence of the adoption of tax increment allocation financing.

LRB097 06770 KMW 46860 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning local government.

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

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

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

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

1 costs and all municipal obligations financing redevelopment
2 project costs incurred under this Division have been paid shall
3 be divided as follows:

4 (a) That portion of taxes levied upon each taxable lot,
5 block, tract or parcel of real property which is attributable
6 to the lower of the current equalized assessed value or the
7 initial equalized assessed value of each such taxable lot,
8 block, tract or parcel of real property in the redevelopment
9 project area shall be allocated to and when collected shall be
10 paid by the county collector to the respective affected taxing
11 districts in the manner required by law in the absence of the
12 adoption of tax increment allocation financing.

13 (a-5) Beginning with the first distribution of tax proceeds
14 to occur 3 years after the redevelopment project area is
15 established, that portion of taxes levied upon each taxable
16 lot, block, tract, or parcel of real property which is
17 attributable to a school district located in the redevelopment
18 project area shall be allocated to and when collected shall be
19 paid by the county collector to the school district in the
20 manner required by law in the absence of the adoption of tax
21 increment allocation financing.

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

1 project area over and above the initial equalized assessed
2 value of each property in the project area shall be allocated
3 to and when collected shall be paid to the municipal treasurer
4 who shall deposit said taxes into a special fund called the
5 special tax allocation fund of the municipality for the purpose
6 of paying redevelopment project costs and obligations incurred
7 in the payment thereof. In any county with a population of
8 3,000,000 or more that has adopted a procedure for collecting
9 taxes that provides for one or more of the installments of the
10 taxes to be billed and collected on an estimated basis, the
11 municipal treasurer shall be paid for deposit in the special
12 tax allocation fund of the municipality, from the taxes
13 collected from estimated bills issued for property in the
14 redevelopment project area, the difference between the amount
15 actually collected from each taxable lot, block, tract, or
16 parcel of real property within the redevelopment project area
17 and an amount determined by multiplying the rate at which taxes
18 were last extended against the taxable lot, block, track, or
19 parcel of real property in the manner provided in subsection
20 (c) of Section 11-74.4-9 by the initial equalized assessed
21 value of the property divided by the number of installments in
22 which real estate taxes are billed and collected within the
23 county; provided that the payments on or before December 31,
24 1999 to a municipal treasurer shall be made only if each of the
25 following conditions are met:

26 (1) The total equalized assessed value of the

1 redevelopment project area as last determined was not less
2 than 175% of the total initial equalized assessed value.

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

7 (3) The municipal clerk has certified to the county
8 clerk that the municipality has issued its obligations to
9 which there has been pledged the incremental property taxes
10 of the redevelopment project area or taxes levied and
11 collected on any or all property in the municipality or the
12 full faith and credit of the municipality to pay or secure
13 payment for all or a portion of the redevelopment project
14 costs. The certification shall be filed annually no later
15 than September 1 for the estimated taxes to be distributed
16 in the following year; however, for the year 1992 the
17 certification shall be made at any time on or before March
18 31, 1992.

19 (4) The municipality has not requested that the total
20 initial equalized assessed value of real property be
21 adjusted as provided in subsection (b) of Section
22 11-74.4-9.

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

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

9 It is the intent of this Division that after the effective
10 date of this amendatory Act of 1988 a municipality's own ad
11 valorem tax arising from levies on taxable real property be
12 included in the determination of incremental revenue in the
13 manner provided in paragraph (c) of Section 11-74.4-9. If the
14 municipality does not extend such a tax, it shall annually
15 deposit in the municipality's Special Tax Increment Fund an
16 amount equal to 10% of the total contributions to the fund from
17 all other taxing districts in that year. The annual 10% deposit
18 required by this paragraph shall be limited to the actual
19 amount of municipally produced incremental tax revenues
20 available to the municipality from taxpayers located in the
21 redevelopment project area in that year if: (a) the plan for
22 the area restricts the use of the property primarily to
23 industrial purposes, (b) the municipality establishing the
24 redevelopment project area is a home-rule community with a 1990
25 population of between 25,000 and 50,000, (c) the municipality
26 is wholly located within a county with a 1990 population of

1 over 750,000 and (d) the redevelopment project area was
2 established by the municipality prior to June 1, 1990. This
3 payment shall be in lieu of a contribution of ad valorem taxes
4 on real property. If no such payment is made, any redevelopment
5 project area of the municipality shall be dissolved.

6 If a municipality has adopted tax increment allocation
7 financing by ordinance and the County Clerk thereafter
8 certifies the "total initial equalized assessed value as
9 adjusted" of the taxable real property within such
10 redevelopment project area in the manner provided in paragraph
11 (b) of Section 11-74.4-9, each year after the date of the
12 certification of the total initial equalized assessed value as
13 adjusted until redevelopment project costs and all municipal
14 obligations financing redevelopment project costs have been
15 paid the ad valorem taxes, if any, arising from the levies upon
16 the taxable real property in such redevelopment project area by
17 taxing districts and tax rates determined in the manner
18 provided in paragraph (c) of Section 11-74.4-9 shall be divided
19 as follows:

20 (1) That portion of the taxes levied upon each taxable
21 lot, block, tract or parcel of real property which is
22 attributable to the lower of the current equalized assessed
23 value or "current equalized assessed value as adjusted" or
24 the initial equalized assessed value of each such taxable
25 lot, block, tract, or parcel of real property existing at
26 the time tax increment financing was adopted, minus the

1 total current homestead exemptions under Article 15 of the
2 Property Tax Code in the redevelopment project area shall
3 be allocated to and when collected shall be paid by the
4 county collector to the respective affected taxing
5 districts in the manner required by law in the absence of
6 the adoption of tax increment allocation financing.

7 (2) That portion, if any, of such taxes which is
8 attributable to the increase in the current equalized
9 assessed valuation of each taxable lot, block, tract, or
10 parcel of real property in the redevelopment project area,
11 over and above the initial equalized assessed value of each
12 property existing at the time tax increment financing was
13 adopted, minus the total current homestead exemptions
14 pertaining to each piece of property provided by Article 15
15 of the Property Tax Code in the redevelopment project area,
16 shall be allocated to and when collected shall be paid to
17 the municipal Treasurer, who shall deposit said taxes into
18 a special fund called the special tax allocation fund of
19 the municipality for the purpose of paying redevelopment
20 project costs and obligations incurred in the payment
21 thereof.

22 The municipality may pledge in the ordinance the funds in
23 and to be deposited in the special tax allocation fund for the
24 payment of such costs and obligations. No part of the current
25 equalized assessed valuation of each property in the
26 redevelopment project area attributable to any increase above

1 the total initial equalized assessed value, or the total
2 initial equalized assessed value as adjusted, of such
3 properties shall be used in calculating the general State
4 school aid formula, provided for in Section 18-8 of the School
5 Code, until such time as all redevelopment project costs have
6 been paid as provided for in this Section.

7 Whenever a municipality issues bonds for the purpose of
8 financing redevelopment project costs, such municipality may
9 provide by ordinance for the appointment of a trustee, which
10 may be any trust company within the State, and for the
11 establishment of such funds or accounts to be maintained by
12 such trustee as the municipality shall deem necessary to
13 provide for the security and payment of the bonds. If such
14 municipality provides for the appointment of a trustee, such
15 trustee shall be considered the assignee of any payments
16 assigned by the municipality pursuant to such ordinance and
17 this Section. Any amounts paid to such trustee as assignee
18 shall be deposited in the funds or accounts established
19 pursuant to such trust agreement, and shall be held by such
20 trustee in trust for the benefit of the holders of the bonds,
21 and such holders shall have a lien on and a security interest
22 in such funds or accounts so long as the bonds remain
23 outstanding and unpaid. Upon retirement of the bonds, the
24 trustee shall pay over any excess amounts held to the
25 municipality for deposit in the special tax allocation fund.

26 When such redevelopment projects costs, including without

1 limitation all municipal obligations financing redevelopment
2 project costs incurred under this Division, have been paid, all
3 surplus funds then remaining in the special tax allocation fund
4 shall be distributed by being paid by the municipal treasurer
5 to the Department of Revenue, the municipality and the county
6 collector; first to the Department of Revenue and the
7 municipality in direct proportion to the tax incremental
8 revenue received from the State and the municipality, but not
9 to exceed the total incremental revenue received from the State
10 or the municipality less any annual surplus distribution of
11 incremental revenue previously made; with any remaining funds
12 to be paid to the County Collector who shall immediately
13 thereafter pay said funds to the taxing districts in the
14 redevelopment project area in the same manner and proportion as
15 the most recent distribution by the county collector to the
16 affected districts of real property taxes from real property in
17 the redevelopment project area.

18 Upon the payment of all redevelopment project costs, the
19 retirement of obligations, the distribution of any excess
20 monies pursuant to this Section, and final closing of the books
21 and records of the redevelopment project area, the municipality
22 shall adopt an ordinance dissolving the special tax allocation
23 fund for the redevelopment project area and terminating the
24 designation of the redevelopment project area as a
25 redevelopment project area. Title to real or personal property
26 and public improvements acquired by or for the municipality as

1 a result of the redevelopment project and plan shall vest in
2 the municipality when acquired and shall continue to be held by
3 the municipality after the redevelopment project area has been
4 terminated. Municipalities shall notify affected taxing
5 districts prior to November 1 if the redevelopment project area
6 is to be terminated by December 31 of that same year. If a
7 municipality extends estimated dates of completion of a
8 redevelopment project and retirement of obligations to finance
9 a redevelopment project, as allowed by this amendatory Act of
10 1993, that extension shall not extend the property tax
11 increment allocation financing authorized by this Section.
12 Thereafter the rates of the taxing districts shall be extended
13 and taxes levied, collected and distributed in the manner
14 applicable in the absence of the adoption of tax increment
15 allocation financing.

16 Nothing in this Section shall be construed as relieving
17 property in such redevelopment project areas from being
18 assessed as provided in the Property Tax Code or as relieving
19 owners of such property from paying a uniform rate of taxes, as
20 required by Section 4 of Article 9 of the Illinois
21 Constitution.

22 (Source: P.A. 95-644, eff. 10-12-07.)