

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 Innovation Development and Economy Act is  
5 amended by changing Section 10 as follows:

6 (50 ILCS 470/10)

7 Sec. 10. Definitions. As used in this Act, the following  
8 words and phrases shall have the following meanings unless a  
9 different meaning clearly appears from the context:

10 "Base year" means the calendar year immediately prior to  
11 the calendar year in which the STAR bond district is  
12 established.

13 "Commence work" means the manifest commencement of actual  
14 operations on the development site, such as, erecting a  
15 building, general on-site and off-site grading and utility  
16 installations, commencing design and construction  
17 documentation, ordering lead-time materials, excavating the  
18 ground to lay a foundation or a basement, or work of like  
19 description which a reasonable person would recognize as being  
20 done with the intention and purpose to continue work until the  
21 project is completed.

22 "County" means the county in which a proposed STAR bond  
23 district is located.

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

3 "Department of Revenue" means the Department of Revenue of  
4 the State of Illinois.

5 "Destination user" means an owner, operator, licensee,  
6 co-developer, subdeveloper, or tenant (i) that operates a  
7 business within a STAR bond district that is a retail store  
8 having at least 150,000 square feet of sales floor area; (ii)  
9 that at the time of opening does not have another Illinois  
10 location within a 70 mile radius; (iii) that has an annual  
11 average of not less than 30% of customers who travel from at  
12 least 75 miles away or from out-of-state, as demonstrated by  
13 data from a comparable existing store or stores, or, if there  
14 is no comparable existing store, as demonstrated by an economic  
15 analysis that shows that the proposed retailer will have an  
16 annual average of not less than 30% of customers who travel  
17 from at least 75 miles away or from out-of-state; and (iv) that  
18 makes an initial capital investment, including project costs  
19 and other direct costs, of not less than \$30,000,000 for such  
20 retail store.

21 "Destination hotel" means a hotel (as that term is defined  
22 in Section 2 of the Hotel Operators' Occupation Tax Act)  
23 complex having at least 150 guest rooms and which also includes  
24 a venue for entertainment attractions, rides, or other  
25 activities oriented toward the entertainment and amusement of  
26 its guests and other patrons.

1 "Developer" means any individual, corporation, trust,  
2 estate, partnership, limited liability partnership, limited  
3 liability company, or other entity. The term does not include a  
4 not-for-profit entity, political subdivision, or other agency  
5 or instrumentality of the State.

6 "Director" means the Director of Revenue, who shall consult  
7 with the Director of Commerce and Economic Opportunity in any  
8 approvals or decisions required by the Director under this Act.

9 "Economic impact study" means a study conducted by an  
10 independent economist to project the financial benefit of the  
11 proposed STAR bond project to the local, regional, and State  
12 economies, consider the proposed adverse impacts on similar  
13 projects and businesses, as well as municipalities within the  
14 projected market area, and draw conclusions about the net  
15 effect of the proposed STAR bond project on the local,  
16 regional, and State economies. A copy of the economic impact  
17 study shall be provided to the Director for review.

18 "Eligible area" means any improved or vacant area that (i)  
19 is contiguous and is not, in the aggregate, less than 250 acres  
20 nor more than 500 acres which must include only parcels of real  
21 property directly and substantially benefited by the proposed  
22 STAR bond district plan, (ii) is adjacent to a federal  
23 interstate highway, (iii) is within one mile of 2 State  
24 highways, (iv) is within one mile of an entertainment user, or  
25 a major or minor league sports stadium or other similar  
26 entertainment venue that had an initial capital investment of

1 at least \$20,000,000, and (v) includes land that was previously  
2 surface or strip mined. The area may be bisected by streets,  
3 highways, roads, alleys, railways, bike paths, streams,  
4 rivers, and other waterways and still be deemed contiguous. In  
5 addition, in order to constitute an eligible area one of the  
6 following requirements must be satisfied and all of which are  
7 subject to the review and approval of the Director as provided  
8 in subsection (d) of Section 15:

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

13 (b) the governing body of the political subdivision  
14 shall have determined that the area is a blighted area as  
15 determined under the provisions of Section 11-74.3-5 of the  
16 Illinois Municipal Code; or

17 (c) the governing body of the political subdivision  
18 shall make the following findings:

19 (i) that the vacant portions of the area have  
20 remained vacant for at least one year, or that any  
21 building located on a vacant portion of the property  
22 was demolished within the last year and that the  
23 building would have qualified under item (ii) of this  
24 subsection;

25 (ii) if portions of the area are currently  
26 developed, that the use, condition, and character of

1 the buildings on the property are not consistent with  
2 the purposes set forth in Section 5;

3 (iii) that the STAR bond district is expected to  
4 create or retain job opportunities within the  
5 political subdivision;

6 (iv) that the STAR bond district will serve to  
7 further the development of adjacent areas;

8 (v) that without the availability of STAR bonds,  
9 the projects described in the STAR bond district plan  
10 would not be possible;

11 (vi) that the master developer meets high  
12 standards of creditworthiness and financial strength  
13 as demonstrated by one or more of the following: (i)  
14 corporate debenture ratings of BBB or higher by  
15 Standard & Poor's Corporation or Baa or higher by  
16 Moody's Investors Service, Inc.; (ii) a letter from a  
17 financial institution with assets of \$10,000,000 or  
18 more attesting to the financial strength of the master  
19 developer; or (iii) specific evidence of equity  
20 financing for not less than 10% of the estimated total  
21 STAR bond project costs;

22 (vii) that the STAR bond district will strengthen  
23 the commercial sector of the political subdivision;

24 (viii) that the STAR bond district will enhance the  
25 tax base of the political subdivision; and

26 (ix) that the formation of a STAR bond district is

1           in the best interest of the political subdivision.

2           "Entertainment user" means an owner, operator, licensee,  
3 co-developer, subdeveloper, or tenant that operates a business  
4 within a STAR bond district that has a primary use of providing  
5 a venue for entertainment attractions, rides, or other  
6 activities oriented toward the entertainment and amusement of  
7 its patrons, occupies at least 20 acres of land in the STAR  
8 bond district, and makes an initial capital investment,  
9 including project costs and other direct and indirect costs, of  
10 not less than \$25,000,000 for that venue.

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

13           "Infrastructure" means the public improvements and private  
14 improvements that serve the public purposes set forth in  
15 Section 5 of this Act and that benefit the STAR bond district  
16 or any STAR bond projects, including, but not limited to,  
17 streets, drives and driveways, traffic and directional signs  
18 and signals, parking lots and parking facilities,  
19 interchanges, highways, sidewalks, bridges, underpasses and  
20 overpasses, bike and walking trails, sanitary storm sewers and  
21 lift stations, drainage conduits, channels, levees, canals,  
22 storm water detention and retention facilities, utilities and  
23 utility connections, water mains and extensions, and street and  
24 parking lot lighting and connections.

25           "Local sales taxes" means any locally imposed taxes  
26 received by a municipality, county, or other local governmental

1 entity arising from sales by retailers and servicemen within a  
2 STAR bond district, including business district sales taxes and  
3 STAR bond occupation taxes, and that portion of the net revenue  
4 realized under the Retailers' Occupation Tax Act, the Use Tax  
5 Act, the Service Use Tax Act, and the Service Occupation Tax  
6 Act from transactions at places of business located within a  
7 STAR bond district that is deposited into the Local Government  
8 Tax Fund and the County and Mass Transit District Fund. For the  
9 purpose of this Act, "local sales taxes" does not include (i)  
10 any taxes authorized pursuant to the Local Mass Transit  
11 District Act or ~~7~~ the Metro-East Park and Recreation District  
12 Act, ~~or the Flood Prevention District Act~~ for so long as the  
13 applicable taxing district does not impose a tax on real  
14 property, ~~or~~ (ii) county school facility occupation taxes  
15 imposed pursuant to Section 5-1006.7 of the Counties Code, or  
16 (iii) any taxes authorized under the Flood Prevention District  
17 Act.

18 "Local sales tax increment" means, with respect to local  
19 sales taxes administered by the Illinois Department of Revenue,  
20 (i) all of the local sales tax paid by destination users,  
21 destination hotels, and entertainment users that is in excess  
22 of the local sales tax paid by destination users, destination  
23 hotels, and entertainment users for the same month in the base  
24 year, as determined by the Illinois Department of Revenue, (ii)  
25 in the case of a municipality forming a STAR bond district that  
26 is wholly within the corporate boundaries of the municipality

1 and in the case of a municipality and county forming a STAR  
2 bond district that is only partially within such municipality,  
3 that portion of the local sales tax paid by taxpayers that are  
4 not destination users, destination hotels, or entertainment  
5 users that is in excess of the local sales tax paid by  
6 taxpayers that are not destination users, destination hotels,  
7 or entertainment users for the same month in the base year, as  
8 determined by the Illinois Department of Revenue, and (iii) in  
9 the case of a county in which a STAR bond district is formed  
10 that is wholly within a municipality, that portion of the local  
11 sales tax paid by taxpayers that are not destination users,  
12 destination hotels, or entertainment users that is in excess of  
13 the local sales tax paid by taxpayers that are not destination  
14 users, destination hotels, or entertainment users for the same  
15 month in the base year, as determined by the Illinois  
16 Department of Revenue, but only if the corporate authorities of  
17 the county adopts an ordinance, and files a copy with the  
18 Department within the same time frames as required for STAR  
19 bond occupation taxes under Section 31, that designates the  
20 taxes referenced in this clause (iii) as part of the local  
21 sales tax increment under this Act. "Local sales tax increment"  
22 means, with respect to local sales taxes administered by a  
23 municipality, county, or other unit of local government, that  
24 portion of the local sales tax that is in excess of the local  
25 sales tax for the same month in the base year, as determined by  
26 the respective municipality, county, or other unit of local



1 government. If any portion of local sales taxes are, at the  
2 time of formation of a STAR bond district, already subject to  
3 tax increment financing under the Tax Increment Allocation  
4 Redevelopment Act, then the local sales tax increment for such  
5 portion shall be frozen at the base year established in  
6 accordance with this Act, and all future incremental increases  
7 shall be included in the "local sales tax increment" under this  
8 Act. Any party otherwise entitled to receipt of incremental  
9 local sales tax revenues through an existing tax increment  
10 financing district shall be entitled to continue to receive  
11 such revenues up to the amount frozen in the base year. Nothing  
12 in this Act shall affect the prior qualification of existing  
13 redevelopment project costs incurred that are eligible for  
14 reimbursement under the Tax Increment Allocation Redevelopment  
15 Act. In such event, prior to approving a STAR bond district,  
16 the political subdivision forming the STAR bond district shall  
17 take such action as is necessary, including amending the  
18 existing tax increment financing district redevelopment plan,  
19 to carry out the provisions of this Act. The Illinois  
20 Department of Revenue shall allocate the local sales tax  
21 increment only if the local sales tax is administered by the  
22 Department.

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

1 "Master developer" means a developer cooperating with a  
2 political subdivision to plan, develop, and implement a STAR  
3 bond project plan for a STAR bond district. Subject to the  
4 limitations of Section 25, the master developer may work with  
5 and transfer certain development rights to other developers for  
6 the purpose of implementing STAR bond project plans and  
7 achieving the purposes of this Act. A master developer for a  
8 STAR bond district shall be appointed by a political  
9 subdivision in the resolution establishing the STAR bond  
10 district, and the master developer must, at the time of  
11 appointment, own or have control of, through purchase  
12 agreements, option contracts, or other means, not less than 50%  
13 of the acreage within the STAR bond district and the master  
14 developer or its affiliate must have ownership or control on  
15 June 1, 2010.

16 "Master development agreement" means an agreement between  
17 the master developer and the political subdivision to govern a  
18 STAR bond district and any STAR bond projects.

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

21 "Pledged STAR revenues" means those sales tax and revenues  
22 and other sources of funds pledged to pay debt service on STAR  
23 bonds or to pay project costs pursuant to Section 30.  
24 Notwithstanding any provision to the contrary, the following  
25 revenues shall not constitute pledged STAR revenues or be  
26 available to pay principal and interest on STAR bonds: any

1 State sales tax increment or local sales tax increment from a  
2 retail entity initiating operations in a STAR bond district  
3 while terminating operations at another Illinois location  
4 within 25 miles of the STAR bond district. For purposes of this  
5 paragraph, "terminating operations" means a closing of a retail  
6 operation that is directly related to the opening of the same  
7 operation or like retail entity owned or operated by more than  
8 50% of the original ownership in a STAR bond district within  
9 one year before or after initiating operations in the STAR bond  
10 district, but it does not mean closing an operation for reasons  
11 beyond the control of the retail entity, as documented by the  
12 retail entity, subject to a reasonable finding by the  
13 municipality (or county if such retail operation is not located  
14 within a municipality) in which the terminated operations were  
15 located that the closed location contained inadequate space,  
16 had become economically obsolete, or was no longer a viable  
17 location for the retailer or serviceman.

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

21 "Project costs" means and includes the sum total of all  
22 costs incurred or estimated to be incurred on or following the  
23 date of establishment of a STAR bond district that are  
24 reasonable or necessary to implement a STAR bond district plan  
25 or any STAR bond project plans, or both, including costs  
26 incurred for public improvements and private improvements that

1 serve the public purposes set forth in Section 5 of this Act.  
2 Such costs include without limitation the following:

3 (a) costs of studies, surveys, development of plans and  
4 specifications, formation, implementation, and  
5 administration of a STAR bond district, STAR bond district  
6 plan, any STAR bond projects, or any STAR bond project  
7 plans, including, but not limited to, staff and  
8 professional service costs for architectural, engineering,  
9 legal, financial, planning, or other services, provided  
10 however that no charges for professional services may be  
11 based on a percentage of the tax increment collected and no  
12 contracts for professional services, excluding  
13 architectural and engineering services, may be entered  
14 into if the terms of the contract extend beyond a period of  
15 3 years;

16 (b) property assembly costs, including, but not  
17 limited to, acquisition of land and other real property or  
18 rights or interests therein, located within the boundaries  
19 of a STAR bond district, demolition of buildings, site  
20 preparation, site improvements that serve as an engineered  
21 barrier addressing ground level or below ground  
22 environmental contamination, including, but not limited  
23 to, parking lots and other concrete or asphalt barriers,  
24 the clearing and grading of land, and importing additional  
25 soil and fill materials, or removal of soil and fill  
26 materials from the site;

1           (c) subject to paragraph (d), costs of buildings and  
2 other vertical improvements that are located within the  
3 boundaries of a STAR bond district and owned by a political  
4 subdivision or other public entity, including without  
5 limitation police and fire stations, educational  
6 facilities, and public restrooms and rest areas;

7           (c-1) costs of buildings and other vertical  
8 improvements that are located within the boundaries of a  
9 STAR bond district and owned by a destination user or  
10 destination hotel; except that only 2 destination users in  
11 a STAR bond district and one destination hotel are eligible  
12 to include the cost of those vertical improvements as  
13 project costs;

14           (c-5) costs of buildings; rides and attractions, which  
15 include carousels, slides, roller coasters, displays,  
16 models, towers, works of art, and similar theme and  
17 amusement park improvements; and other vertical  
18 improvements that are located within the boundaries of a  
19 STAR bond district and owned by an entertainment user;  
20 except that only one entertainment user in a STAR bond  
21 district is eligible to include the cost of those vertical  
22 improvements as project costs;

23           (d) costs of the design and construction of  
24 infrastructure and public works located within the  
25 boundaries of a STAR bond district that are reasonable or  
26 necessary to implement a STAR bond district plan or any

1 STAR bond project plans, or both, except that project costs  
2 shall not include the cost of constructing a new municipal  
3 public building principally used to provide offices,  
4 storage space, or conference facilities or vehicle  
5 storage, maintenance, or repair for administrative, public  
6 safety, or public works personnel and that is not intended  
7 to replace an existing public building unless the political  
8 subdivision makes a reasonable determination in a STAR bond  
9 district plan or any STAR bond project plans, supported by  
10 information that provides the basis for that  
11 determination, that the new municipal building is required  
12 to meet an increase in the need for public safety purposes  
13 anticipated to result from the implementation of the STAR  
14 bond district plan or any STAR bond project plans;

15 (e) costs of the design and construction of the  
16 following improvements located outside the boundaries of a  
17 STAR bond district, provided that the costs are essential  
18 to further the purpose and development of a STAR bond  
19 district plan and either (i) part of and connected to  
20 sewer, water, or utility service lines that physically  
21 connect to the STAR bond district or (ii) significant  
22 improvements for adjacent offsite highways, streets,  
23 roadways, and interchanges that are approved by the  
24 Illinois Department of Transportation. No other cost of  
25 infrastructure and public works improvements located  
26 outside the boundaries of a STAR bond district may be

1 deemed project costs;

2 (f) costs of job training and retraining projects,  
3 including the cost of "welfare to work" programs  
4 implemented by businesses located within a STAR bond  
5 district;

6 (g) financing costs, including, but not limited to, all  
7 necessary and incidental expenses related to the issuance  
8 of obligations and which may include payment of interest on  
9 any obligations issued hereunder including interest  
10 accruing during the estimated period of construction of any  
11 improvements in a STAR bond district or any STAR bond  
12 projects for which such obligations are issued and for not  
13 exceeding 36 months thereafter and including reasonable  
14 reserves related thereto;

15 (h) to the extent the political subdivision by written  
16 agreement accepts and approves the same, all or a portion  
17 of a taxing district's capital costs resulting from a STAR  
18 bond district or STAR bond projects necessarily incurred or  
19 to be incurred within a taxing district in furtherance of  
20 the objectives of a STAR bond district plan or STAR bond  
21 project plans;

22 (i) interest cost incurred by a developer for project  
23 costs related to the acquisition, formation,  
24 implementation, development, construction, and  
25 administration of a STAR bond district, STAR bond district  
26 plan, STAR bond projects, or any STAR bond project plans

1 provided that:

2 (i) payment of such costs in any one year may not  
3 exceed 30% of the annual interest costs incurred by the  
4 developer with regard to the STAR bond district or any  
5 STAR bond projects during that year; and

6 (ii) the total of such interest payments paid  
7 pursuant to this Act may not exceed 30% of the total  
8 cost paid or incurred by the developer for a STAR bond  
9 district or STAR bond projects, plus project costs,  
10 excluding any property assembly costs incurred by a  
11 political subdivision pursuant to this Act;

12 (j) costs of common areas located within the boundaries  
13 of a STAR bond district;

14 (k) costs of landscaping and plantings, retaining  
15 walls and fences, man-made lakes and ponds, shelters,  
16 benches, lighting, and similar amenities located within  
17 the boundaries of a STAR bond district;

18 (l) costs of mounted building signs, site monument, and  
19 pylon signs located within the boundaries of a STAR bond  
20 district; or

21 (m) if included in the STAR bond district plan and  
22 approved in writing by the Director, salaries or a portion  
23 of salaries for local government employees to the extent  
24 the same are directly attributable to the work of such  
25 employees on the establishment and management of a STAR  
26 bond district or any STAR bond projects.



1 Except as specified in items (a) through (m), "project  
2 costs" shall not include:

3 (i) the cost of construction of buildings that are  
4 privately owned or owned by a municipality and leased to a  
5 developer or retail user for non-entertainment retail  
6 uses;

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

9 (iii) property taxes for property located in the STAR  
10 bond district;

11 (iv) lobbying costs; and

12 (v) general overhead or administrative costs of the  
13 political subdivision that would still have been incurred  
14 by the political subdivision if the political subdivision  
15 had not established a STAR bond district.

16 "Project development agreement" means any one or more  
17 agreements, including any amendments thereto, between a master  
18 developer and any co-developer or subdeveloper in connection  
19 with a STAR bond project, which project development agreement  
20 may include the political subdivision as a party.

21 "Projected market area" means any area within the State in  
22 which a STAR bond district or STAR bond project is projected to  
23 have a significant fiscal or market impact as determined by the  
24 Director.

25 "Resolution" means a resolution, order, ordinance, or  
26 other appropriate form of legislative action of a political

1 subdivision or other applicable public entity approved by a  
2 vote of a majority of a quorum at a meeting of the governing  
3 body of the political subdivision or applicable public entity.

4 "STAR bond" means a sales tax and revenue bond, note, or  
5 other obligation payable from pledged STAR revenues and issued  
6 by a political subdivision, the proceeds of which shall be used  
7 only to pay project costs as defined in this Act.

8 "STAR bond district" means the specific area declared to be  
9 an eligible area as determined by the political subdivision,  
10 and approved by the Director, in which the political  
11 subdivision may develop one or more STAR bond projects.

12 "STAR bond district plan" means the preliminary or  
13 conceptual plan that generally identifies the proposed STAR  
14 bond project areas and identifies in a general manner the  
15 buildings, facilities, and improvements to be constructed or  
16 improved in each STAR bond project area.

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

19 "STAR bond project area" means the geographic area within a  
20 STAR bond district in which there may be one or more STAR bond  
21 projects.

22 "STAR bond project plan" means the written plan adopted by  
23 a political subdivision for the development of a STAR bond  
24 project in a STAR bond district; the plan may include, but is  
25 not limited to, (i) project costs incurred prior to the date of  
26 the STAR bond project plan and estimated future STAR bond

1 project costs, (ii) proposed sources of funds to pay those  
2 costs, (iii) the nature and estimated term of any obligations  
3 to be issued by the political subdivision to pay those costs,  
4 (iv) the most recent equalized assessed valuation of the STAR  
5 bond project area, (v) an estimate of the equalized assessed  
6 valuation of the STAR bond district or applicable project area  
7 after completion of a STAR bond project, (vi) a general  
8 description of the types of any known or proposed developers,  
9 users, or tenants of the STAR bond project or projects included  
10 in the plan, (vii) a general description of the type,  
11 structure, and character of the property or facilities to be  
12 developed or improved, (viii) a description of the general land  
13 uses to apply to the STAR bond project, and (ix) a general  
14 description or an estimate of the type, class, and number of  
15 employees to be employed in the operation of the STAR bond  
16 project.

17 "State sales tax" means all of the net revenue realized  
18 under the Retailers' Occupation Tax Act, the Use Tax Act, the  
19 Service Use Tax Act, and the Service Occupation Tax Act from  
20 transactions at places of business located within a STAR bond  
21 district, excluding that portion of the net revenue realized  
22 under the Retailers' Occupation Tax Act, the Use Tax Act, the  
23 Service Use Tax Act, and the Service Occupation Tax Act from  
24 transactions at places of business located within a STAR bond  
25 district that is deposited into the Local Government Tax Fund  
26 and the County and Mass Transit District Fund.

1 "State sales tax increment" means (i) 100% of that portion  
2 of the State sales tax that is in excess of the State sales tax  
3 for the same month in the base year, as determined by the  
4 Department of Revenue, from transactions at up to 2 destination  
5 users, one destination hotel, and one entertainment user  
6 located within a STAR bond district, which destination users,  
7 destination hotel, and entertainment user shall be designated  
8 by the master developer and approved by the political  
9 subdivision and the Director in conjunction with the applicable  
10 STAR bond project approval, and (ii) 25% of that portion of the  
11 State sales tax that is in excess of the State sales tax for  
12 the same month in the base year, as determined by the  
13 Department of Revenue, from all other transactions within a  
14 STAR bond district. If any portion of State sales taxes are, at  
15 the time of formation of a STAR bond district, already subject  
16 to tax increment financing under the Tax Increment Allocation  
17 Redevelopment Act, then the State sales tax increment for such  
18 portion shall be frozen at the base year established in  
19 accordance with this Act, and all future incremental increases  
20 shall be included in the State sales tax increment under this  
21 Act. Any party otherwise entitled to receipt of incremental  
22 State sales tax revenues through an existing tax increment  
23 financing district shall be entitled to continue to receive  
24 such revenues up to the amount frozen in the base year. Nothing  
25 in this Act shall affect the prior qualification of existing  
26 redevelopment project costs incurred that are eligible for

1 reimbursement under the Tax Increment Allocation Redevelopment  
2 Act. In such event, prior to approving a STAR bond district,  
3 the political subdivision forming the STAR bond district shall  
4 take such action as is necessary, including amending the  
5 existing tax increment financing district redevelopment plan,  
6 to carry out the provisions of this Act.

7 "Substantial change" means a change wherein the proposed  
8 STAR bond project plan differs substantially in size, scope, or  
9 use from the approved STAR bond district plan or STAR bond  
10 project plan.

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

14 "Total development costs" means the aggregate public and  
15 private investment in a STAR bond district, including project  
16 costs and other direct and indirect costs related to the  
17 development of the STAR bond district.

18 "Traditional retail use" means the operation of a business  
19 that derives at least 90% of its annual gross revenue from  
20 sales at retail, as that phrase is defined by Section 1 of the  
21 Retailers' Occupation Tax Act, but does not include the  
22 operations of destination users, entertainment users,  
23 restaurants, hotels, retail uses within hotels, or any other  
24 non-retail uses.

25 "Vacant" means that portion of the land in a proposed STAR  
26 bond district that is not occupied by a building, facility, or

1 other vertical improvement.

2 (Source: P.A. 96-939, eff. 6-24-10.)

3 Section 10. The Flood Prevention District Act is amended by  
4 changing Section 25 as follows:

5 (70 ILCS 750/25)

6 Sec. 25. Flood prevention retailers' and service  
7 occupation taxes.

8 (a) If the Board of Commissioners of a flood prevention  
9 district determines that an emergency situation exists  
10 regarding levee repair or flood prevention, and upon an  
11 ordinance confirming the determination adopted by the  
12 affirmative vote of a majority of the members of the county  
13 board of the county in which the district is situated, the  
14 county may impose a flood prevention retailers' occupation tax  
15 upon all persons engaged in the business of selling tangible  
16 personal property at retail within the territory of the  
17 district to provide revenue to pay the costs of providing  
18 emergency levee repair and flood prevention and to secure the  
19 payment of bonds, notes, and other evidences of indebtedness  
20 issued under this Act for a period not to exceed 25 years or as  
21 required to repay the bonds, notes, and other evidences of  
22 indebtedness issued under this Act. The tax rate shall be 0.25%  
23 of the gross receipts from all taxable sales made in the course  
24 of that business. The tax imposed under this Section and all

1 civil penalties that may be assessed as an incident thereof  
2 shall be collected and enforced by the State Department of  
3 Revenue. The Department shall have full power to administer and  
4 enforce this Section; to collect all taxes and penalties so  
5 collected in the manner hereinafter provided; and to determine  
6 all rights to credit memoranda arising on account of the  
7 erroneous payment of tax or penalty hereunder.

8 In the administration of and compliance with this  
9 subsection, the Department and persons who are subject to this  
10 subsection (i) have the same rights, remedies, privileges,  
11 immunities, powers, and duties, (ii) are subject to the same  
12 conditions, restrictions, limitations, penalties, and  
13 definitions of terms, and (iii) shall employ the same modes of  
14 procedure as are set forth in Sections 1 through 10, 2 through  
15 2-70 (in respect to all provisions contained in those Sections  
16 other than the State rate of tax), 2a through 2h, 3 (except as  
17 to the disposition of taxes and penalties collected), 4, 5, 5a,  
18 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10,  
19 11, 11a, 12, and 13 of the Retailers' Occupation Tax Act and  
20 all provisions of the Uniform Penalty and Interest Act as if  
21 those provisions were set forth in this subsection.

22 Persons subject to any tax imposed under this Section may  
23 reimburse themselves for their seller's tax liability  
24 hereunder by separately stating the tax as an additional  
25 charge, which charge may be stated in combination in a single  
26 amount with State taxes that sellers are required to collect

1 under the Use Tax Act, under any bracket schedules the  
2 Department may prescribe.

3 If a tax is imposed under this subsection (a), a tax shall  
4 also be imposed under subsection (b) of this Section.

5 (b) If a tax has been imposed under subsection (a), a flood  
6 prevention service occupation tax shall also be imposed upon  
7 all persons engaged within the territory of the district in the  
8 business of making sales of service, who, as an incident to  
9 making the sales of service, transfer tangible personal  
10 property, either in the form of tangible personal property or  
11 in the form of real estate as an incident to a sale of service  
12 to provide revenue to pay the costs of providing emergency  
13 levee repair and flood prevention and to secure the payment of  
14 bonds, notes, and other evidences of indebtedness issued under  
15 this Act for a period not to exceed 25 years or as required to  
16 repay the bonds, notes, and other evidences of indebtedness.  
17 The tax rate shall be 0.25% of the selling price of all  
18 tangible personal property transferred.

19 The tax imposed under this subsection and all civil  
20 penalties that may be assessed as an incident thereof shall be  
21 collected and enforced by the State Department of Revenue. The  
22 Department shall have full power to administer and enforce this  
23 subsection; to collect all taxes and penalties due hereunder;  
24 to dispose of taxes and penalties collected in the manner  
25 hereinafter provided; and to determine all rights to credit  
26 memoranda arising on account of the erroneous payment of tax or



1 penalty hereunder.

2 In the administration of and compliance with this  
3 subsection, the Department and persons who are subject to this  
4 subsection shall (i) have the same rights, remedies,  
5 privileges, immunities, powers, and duties, (ii) be subject to  
6 the same conditions, restrictions, limitations, penalties, and  
7 definitions of terms, and (iii) employ the same modes of  
8 procedure as are set forth in Sections 2 (except that the  
9 reference to State in the definition of supplier maintaining a  
10 place of business in this State means the district), 2a through  
11 2d, 3 through 3-50 (in respect to all provisions contained in  
12 those Sections other than the State rate of tax), 4 (except  
13 that the reference to the State shall be to the district), 5,  
14 7, 8 (except that the jurisdiction to which the tax is a debt  
15 to the extent indicated in that Section 8 is the district), 9  
16 (except as to the disposition of taxes and penalties  
17 collected), 10, 11, 12 (except the reference therein to Section  
18 2b of the Retailers' Occupation Tax Act), 13 (except that any  
19 reference to the State means the district), Section 15, 16, 17,  
20 18, 19, and 20 of the Service Occupation Tax Act and all  
21 provisions of the Uniform Penalty and Interest Act, as fully as  
22 if those provisions were set forth herein.

23 Persons subject to any tax imposed under the authority  
24 granted in this subsection may reimburse themselves for their  
25 serviceman's tax liability hereunder by separately stating the  
26 tax as an additional charge, that charge may be stated in

1 combination in a single amount with State tax that servicemen  
2 are authorized to collect under the Service Use Tax Act, under  
3 any bracket schedules the Department may prescribe.

4 (c) The taxes imposed in subsections (a) and (b) may not be  
5 imposed on personal property titled or registered with an  
6 agency of the State; food for human consumption that is to be  
7 consumed off the premises where it is sold (other than  
8 alcoholic beverages, soft drinks, and food that has been  
9 prepared for immediate consumption); prescription and  
10 non-prescription medicines, drugs, and medical appliances;  
11 modifications to a motor vehicle for the purpose of rendering  
12 it usable by a disabled person; or insulin, urine testing  
13 materials, and syringes and needles used by diabetics.

14 (d) Nothing in this Section shall be construed to authorize  
15 the district to impose a tax upon the privilege of engaging in  
16 any business that under the Constitution of the United States  
17 may not be made the subject of taxation by the State.

18 (e) The certificate of registration that is issued by the  
19 Department to a retailer under the Retailers' Occupation Tax  
20 Act or a serviceman under the Service Occupation Tax Act  
21 permits the retailer or serviceman to engage in a business that  
22 is taxable without registering separately with the Department  
23 under an ordinance or resolution under this Section.

24 (f) The Department shall immediately pay over to the State  
25 Treasurer, ex officio, as trustee, all taxes and penalties  
26 collected under this Section to be deposited into the Flood

1 Prevention Occupation Tax Fund, which shall be an  
2 unappropriated trust fund held outside the State treasury.

3 ~~As soon as possible after the first day of each month,~~  
4 ~~beginning January 1, 2011, upon certification of the Department~~  
5 ~~of Revenue, the Comptroller shall order transferred, and the~~  
6 ~~Treasurer shall transfer, to the STAR Bonds Revenue Fund the~~  
7 ~~local sales tax increment, as defined in the Innovation~~  
8 ~~Development and Economy Act, collected under this Section~~  
9 ~~during the second preceding calendar month for sales within a~~  
10 ~~STAR bond district. The Department shall make this~~  
11 ~~certification only if the flood prevention district imposes a~~  
12 ~~tax on real property as provided in the definition of "local~~  
13 ~~sales taxes" under the Innovation Development and Economy Act.~~

14 ~~On~~ After the monthly transfer to the STAR Bonds Revenue  
15 Fund, ~~on~~ or before the 25th day of each calendar month, the  
16 Department shall prepare and certify to the Comptroller the  
17 disbursement of stated sums of money to the counties from which  
18 retailers or servicemen have paid taxes or penalties to the  
19 Department during the second preceding calendar month. The  
20 amount to be paid to each county is equal to the amount (not  
21 including credit memoranda) collected from the county under  
22 this Section during the second preceding calendar month by the  
23 Department, (i) less 2% of that amount, which shall be  
24 deposited into the Tax Compliance and Administration Fund and  
25 shall be used by the Department in administering and enforcing  
26 the provisions of this Section on behalf of the county, (ii)

1 plus an amount that the Department determines is necessary to  
2 offset any amounts that were erroneously paid to a different  
3 taxing body; (iii) less an amount equal to the amount of  
4 refunds made during the second preceding calendar month by the  
5 Department on behalf of the county; and (iv) less any amount  
6 that the Department determines is necessary to offset any  
7 amounts that were payable to a different taxing body but were  
8 erroneously paid to the county; ~~and (v) less any amounts that~~  
9 ~~are transferred to the STAR Bonds Revenue Fund.~~ When certifying  
10 the amount of a monthly disbursement to a county under this  
11 Section, the Department shall increase or decrease the amounts  
12 by an amount necessary to offset any miscalculation of previous  
13 disbursements within the previous 6 months from the time a  
14 miscalculation is discovered.

15 Within 10 days after receipt by the Comptroller from the  
16 Department of the disbursement certification to the counties  
17 provided for in this Section, the Comptroller shall cause the  
18 orders to be drawn for the respective amounts in accordance  
19 with directions contained in the certification.

20 If the Department determines that a refund should be made  
21 under this Section to a claimant instead of issuing a credit  
22 memorandum, then the Department shall notify the Comptroller,  
23 who shall cause the order to be drawn for the amount specified  
24 and to the person named in the notification from the  
25 Department. The refund shall be paid by the Treasurer out of  
26 the Flood Prevention Occupation Tax Fund.

1           (g) If a county imposes a tax under this Section, then the  
2 county board shall, by ordinance, discontinue the tax upon the  
3 payment of all indebtedness of the flood prevention district.  
4 The tax shall not be discontinued until all indebtedness of the  
5 District has been paid.

6           (h) Any ordinance imposing the tax under this Section, or  
7 any ordinance that discontinues the tax, must be certified by  
8 the county clerk and filed with the Illinois Department of  
9 Revenue either (i) on or before the first day of April,  
10 whereupon the Department shall proceed to administer and  
11 enforce the tax or change in the rate as of the first day of  
12 July next following the filing; or (ii) on or before the first  
13 day of October, whereupon the Department shall proceed to  
14 administer and enforce the tax or change in the rate as of the  
15 first day of January next following the filing.

16           (j) County Flood Prevention Occupation Tax Fund. All  
17 proceeds received by a county from a tax distribution under  
18 this Section must be maintained in a special fund known as the  
19 [name of county] flood prevention occupation tax fund. The  
20 county shall, at the direction of the flood prevention  
21 district, use moneys in the fund to pay the costs of providing  
22 emergency levee repair and flood prevention and to pay bonds,  
23 notes, and other evidences of indebtedness issued under this  
24 Act.

25           (k) This Section may be cited as the Flood Prevention  
26 Occupation Tax Law.

1 (Source: P.A. 95-719, eff. 5-21-08; 95-723, eff. 6-23-08;  
2 96-939, eff. 6-24-10.)

3 Section 99. Effective date. This Act takes effect upon  
4 becoming law.