

SB1911



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1911

Introduced 2/10/2011, by Sen. John G. Mulroe

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. Makes a technical change in a Section concerning tax increment allocation financing.

LRB097 08972 KMW 49105 b

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 ~~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 (b) Except from a tax levied by a township to retire bonds
14 issued to satisfy court-ordered damages, that portion, if any,
15 of such taxes which is attributable to the increase in the
16 current equalized assessed valuation of each taxable lot,
17 block, tract or parcel of real property in the redevelopment
18 project area over and above the initial equalized assessed
19 value of each property in the project area shall be allocated
20 to and when collected shall be paid to the municipal treasurer
21 who shall deposit said taxes into a special fund called the
22 special tax allocation fund of the municipality for the purpose
23 of paying redevelopment project costs and obligations incurred
24 in the payment thereof. In any county with a population of
25 3,000,000 or more that has adopted a procedure for collecting
26 taxes that provides for one or more of the installments of the

1 taxes to be billed and collected on an estimated basis, the
2 municipal treasurer shall be paid for deposit in the special
3 tax allocation fund of the municipality, from the taxes
4 collected from estimated bills issued for property in the
5 redevelopment project area, the difference between the amount
6 actually collected from each taxable lot, block, tract, or
7 parcel of real property within the redevelopment project area
8 and an amount determined by multiplying the rate at which taxes
9 were last extended against the taxable lot, block, track, or
10 parcel of real property in the manner provided in subsection
11 (c) of Section 11-74.4-9 by the initial equalized assessed
12 value of the property divided by the number of installments in
13 which real estate taxes are billed and collected within the
14 county; provided that the payments on or before December 31,
15 1999 to a municipal treasurer shall be made only if each of the
16 following conditions are met:

17 (1) The total equalized assessed value of the
18 redevelopment project area as last determined was not less
19 than 175% of the total initial equalized assessed value.

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

24 (3) The municipal clerk has certified to the county
25 clerk that the municipality has issued its obligations to
26 which there has been pledged the incremental property taxes

1 of the redevelopment project area or taxes levied and
2 collected on any or all property in the municipality or the
3 full faith and credit of the municipality to pay or secure
4 payment for all or a portion of the redevelopment project
5 costs. The certification shall be filed annually no later
6 than September 1 for the estimated taxes to be distributed
7 in the following year; however, for the year 1992 the
8 certification shall be made at any time on or before March
9 31, 1992.

10 (4) The municipality has not requested that the total
11 initial equalized assessed value of real property be
12 adjusted as provided in subsection (b) of Section
13 11-74.4-9.

14 The conditions of paragraphs (1) through (4) do not apply
15 after December 31, 1999 to payments to a municipal treasurer
16 made by a county with 3,000,000 or more inhabitants that has
17 adopted an estimated billing procedure for collecting taxes. If
18 a county that has adopted the estimated billing procedure makes
19 an erroneous overpayment of tax revenue to the municipal
20 treasurer, then the county may seek a refund of that
21 overpayment. The county shall send the municipal treasurer a
22 notice of liability for the overpayment on or before the
23 mailing date of the next real estate tax bill within the
24 county. The refund shall be limited to the amount of the
25 overpayment.

26 It is the intent of this Division that after the effective

1 date of this amendatory Act of 1988 a municipality's own ad
2 valorem tax arising from levies on taxable real property be
3 included in the determination of incremental revenue in the
4 manner provided in paragraph (c) of Section 11-74.4-9. If the
5 municipality does not extend such a tax, it shall annually
6 deposit in the municipality's Special Tax Increment Fund an
7 amount equal to 10% of the total contributions to the fund from
8 all other taxing districts in that year. The annual 10% deposit
9 required by this paragraph shall be limited to the actual
10 amount of municipally produced incremental tax revenues
11 available to the municipality from taxpayers located in the
12 redevelopment project area in that year if: (a) the plan for
13 the area restricts the use of the property primarily to
14 industrial purposes, (b) the municipality establishing the
15 redevelopment project area is a home-rule community with a 1990
16 population of between 25,000 and 50,000, (c) the municipality
17 is wholly located within a county with a 1990 population of
18 over 750,000 and (d) the redevelopment project area was
19 established by the municipality prior to June 1, 1990. This
20 payment shall be in lieu of a contribution of ad valorem taxes
21 on real property. If no such payment is made, any redevelopment
22 project area of the municipality shall be dissolved.

23 If a municipality has adopted tax increment allocation
24 financing by ordinance and the County Clerk thereafter
25 certifies the "total initial equalized assessed value as
26 adjusted" of the taxable real property within such

1 redevelopment project area in the manner provided in paragraph
2 (b) of Section 11-74.4-9, each year after the date of the
3 certification of the total initial equalized assessed value as
4 adjusted until redevelopment project costs and all municipal
5 obligations financing redevelopment project costs have been
6 paid the ad valorem taxes, if any, arising from the levies upon
7 the taxable real property in such redevelopment project area by
8 taxing districts and tax rates determined in the manner
9 provided in paragraph (c) of Section 11-74.4-9 shall be divided
10 as follows:

11 (1) That portion of the taxes levied upon each taxable
12 lot, block, tract or parcel of real property which is
13 attributable to the lower of the current equalized assessed
14 value or "current equalized assessed value as adjusted" or
15 the initial equalized assessed value of each such taxable
16 lot, block, tract, or parcel of real property existing at
17 the time tax increment financing was adopted, minus the
18 total current homestead exemptions under Article 15 of the
19 Property Tax Code in the redevelopment project area shall
20 be allocated to and when collected shall be paid by the
21 county collector to the respective affected taxing
22 districts in the manner required by law in the absence of
23 the adoption of tax increment allocation financing.

24 (2) That portion, if any, of such taxes which is
25 attributable to the increase in the current equalized
26 assessed valuation of each taxable lot, block, tract, or

1 parcel of real property in the redevelopment project area,
2 over and above the initial equalized assessed value of each
3 property existing at the time tax increment financing was
4 adopted, minus the total current homestead exemptions
5 pertaining to each piece of property provided by Article 15
6 of the Property Tax Code in the redevelopment project area,
7 shall be allocated to and when collected shall be paid to
8 the municipal Treasurer, who shall deposit said taxes into
9 a special fund called the special tax allocation fund of
10 the municipality for the purpose of paying redevelopment
11 project costs and obligations incurred in the payment
12 thereof.

13 The municipality may pledge in the ordinance the funds in
14 and to be deposited in the special tax allocation fund for the
15 payment of such costs and obligations. No part of the current
16 equalized assessed valuation of each property in the
17 redevelopment project area attributable to any increase above
18 the total initial equalized assessed value, or the total
19 initial equalized assessed value as adjusted, of such
20 properties shall be used in calculating the general State
21 school aid formula, provided for in Section 18-8 of the School
22 Code, until such time as all redevelopment project costs have
23 been paid as provided for in this Section.

24 Whenever a municipality issues bonds for the purpose of
25 financing redevelopment project costs, such municipality may
26 provide by ordinance for the appointment of a trustee, which

1 may be any trust company within the State, and for the
2 establishment of such funds or accounts to be maintained by
3 such trustee as the municipality shall deem necessary to
4 provide for the security and payment of the bonds. If such
5 municipality provides for the appointment of a trustee, such
6 trustee shall be considered the assignee of any payments
7 assigned by the municipality pursuant to such ordinance and
8 this Section. Any amounts paid to such trustee as assignee
9 shall be deposited in the funds or accounts established
10 pursuant to such trust agreement, and shall be held by such
11 trustee in trust for the benefit of the holders of the bonds,
12 and such holders shall have a lien on and a security interest
13 in such funds or accounts so long as the bonds remain
14 outstanding and unpaid. Upon retirement of the bonds, the
15 trustee shall pay over any excess amounts held to the
16 municipality for deposit in the special tax allocation fund.

17 When such redevelopment projects costs, including without
18 limitation all municipal obligations financing redevelopment
19 project costs incurred under this Division, have been paid, all
20 surplus funds then remaining in the special tax allocation fund
21 shall be distributed by being paid by the municipal treasurer
22 to the Department of Revenue, the municipality and the county
23 collector; first to the Department of Revenue and the
24 municipality in direct proportion to the tax incremental
25 revenue received from the State and the municipality, but not
26 to exceed the total incremental revenue received from the State

1 or the municipality less any annual surplus distribution of
2 incremental revenue previously made; with any remaining funds
3 to be paid to the County Collector who shall immediately
4 thereafter pay said funds to the taxing districts in the
5 redevelopment project area in the same manner and proportion as
6 the most recent distribution by the county collector to the
7 affected districts of real property taxes from real property in
8 the redevelopment project area.

9 Upon the payment of all redevelopment project costs, the
10 retirement of obligations, the distribution of any excess
11 monies pursuant to this Section, and final closing of the books
12 and records of the redevelopment project area, the municipality
13 shall adopt an ordinance dissolving the special tax allocation
14 fund for the redevelopment project area and terminating the
15 designation of the redevelopment project area as a
16 redevelopment project area. Title to real or personal property
17 and public improvements acquired by or for the municipality as
18 a result of the redevelopment project and plan shall vest in
19 the municipality when acquired and shall continue to be held by
20 the municipality after the redevelopment project area has been
21 terminated. Municipalities shall notify affected taxing
22 districts prior to November 1 if the redevelopment project area
23 is to be terminated by December 31 of that same year. If a
24 municipality extends estimated dates of completion of a
25 redevelopment project and retirement of obligations to finance
26 a redevelopment project, as allowed by this amendatory Act of

1 1993, that extension shall not extend the property tax
2 increment allocation financing authorized by this Section.
3 Thereafter the rates of the taxing districts shall be extended
4 and taxes levied, collected and distributed in the manner
5 applicable in the absence of the adoption of tax increment
6 allocation financing.

7 Nothing in this Section shall be construed as relieving
8 property in such redevelopment project areas from being
9 assessed as provided in the Property Tax Code or as relieving
10 owners of such property from paying a uniform rate of taxes, as
11 required by Section 4 of Article 9 of the Illinois
12 Constitution.

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