

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 annual inflationary increases (not less than  
18 zero) shall be allocated to a school district located in the  
19 redevelopment project area through an intergovernmental  
20 agreement with the sponsoring municipality and, when  
21 collected, shall be paid by the county collector to the school  
22 district in the manner required by law. The inflationary  
23 increase allocated to the school districts shall be determined  
24 by the annual increase in the consumer price index-u.

25 For purposes of this subsection, "consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

1 the United States Department of Labor that measures the average  
2 change in prices of goods and services published by all urban  
3 consumers, United States city average, all items, 1982-1984 =  
4 100.

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

1 were last extended against the taxable lot, block, track, or  
2 parcel of real property in the manner provided in subsection  
3 (c) of Section 11-74.4-9 by the initial equalized assessed  
4 value of the property divided by the number of installments in  
5 which real estate taxes are billed and collected within the  
6 county; provided that the payments on or before December 31,  
7 1999 to a municipal treasurer shall be made only if each of the  
8 following conditions are met:

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

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

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

1 31, 1992.

2 (4) The municipality has not requested that the total  
3 initial equalized assessed value of real property be  
4 adjusted as provided in subsection (b) of Section  
5 11-74.4-9.

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

18 It is the intent of this Division that after the effective  
19 date of this amendatory Act of 1988 a municipality's own ad  
20 valorem tax arising from levies on taxable real property be  
21 included in the determination of incremental revenue in the  
22 manner provided in paragraph (c) of Section 11-74.4-9. If the  
23 municipality does not extend such a tax, it shall annually  
24 deposit in the municipality's Special Tax Increment Fund an  
25 amount equal to 10% of the total contributions to the fund from  
26 all other taxing districts in that year. The annual 10% deposit

1 required by this paragraph shall be limited to the actual  
2 amount of municipally produced incremental tax revenues  
3 available to the municipality from taxpayers located in the  
4 redevelopment project area in that year if: (a) the plan for  
5 the area restricts the use of the property primarily to  
6 industrial purposes, (b) the municipality establishing the  
7 redevelopment project area is a home-rule community with a 1990  
8 population of between 25,000 and 50,000, (c) the municipality  
9 is wholly located within a county with a 1990 population of  
10 over 750,000 and (d) the redevelopment project area was  
11 established by the municipality prior to June 1, 1990. This  
12 payment shall be in lieu of a contribution of ad valorem taxes  
13 on real property. If no such payment is made, any redevelopment  
14 project area of the municipality shall be dissolved.

15 If a municipality has adopted tax increment allocation  
16 financing by ordinance and the County Clerk thereafter  
17 certifies the "total initial equalized assessed value as  
18 adjusted" of the taxable real property within such  
19 redevelopment project area in the manner provided in paragraph  
20 (b) of Section 11-74.4-9, each year after the date of the  
21 certification of the total initial equalized assessed value as  
22 adjusted until redevelopment project costs and all municipal  
23 obligations financing redevelopment project costs have been  
24 paid the ad valorem taxes, if any, arising from the levies upon  
25 the taxable real property in such redevelopment project area by  
26 taxing districts and tax rates determined in the manner

1 provided in paragraph (c) of Section 11-74.4-9 shall be divided  
2 as follows:

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

16 (2) That portion, if any, of such taxes which is  
17 attributable to the increase in the current equalized  
18 assessed valuation of each taxable lot, block, tract, or  
19 parcel of real property in the redevelopment project area,  
20 over and above the initial equalized assessed value of each  
21 property existing at the time tax increment financing was  
22 adopted, minus the total current homestead exemptions  
23 pertaining to each piece of property provided by Article 15  
24 of the Property Tax Code in the redevelopment project area,  
25 shall be allocated to and when collected shall be paid to  
26 the municipal Treasurer, who shall deposit said taxes into

1 a special fund called the special tax allocation fund of  
2 the municipality for the purpose of paying redevelopment  
3 project costs and obligations incurred in the payment  
4 thereof.

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

16 Whenever a municipality issues bonds for the purpose of  
17 financing redevelopment project costs, such municipality may  
18 provide by ordinance for the appointment of a trustee, which  
19 may be any trust company within the State, and for the  
20 establishment of such funds or accounts to be maintained by  
21 such trustee as the municipality shall deem necessary to  
22 provide for the security and payment of the bonds. If such  
23 municipality provides for the appointment of a trustee, such  
24 trustee shall be considered the assignee of any payments  
25 assigned by the municipality pursuant to such ordinance and  
26 this Section. Any amounts paid to such trustee as assignee



1 shall be deposited in the funds or accounts established  
2 pursuant to such trust agreement, and shall be held by such  
3 trustee in trust for the benefit of the holders of the bonds,  
4 and such holders shall have a lien on and a security interest  
5 in such funds or accounts so long as the bonds remain  
6 outstanding and unpaid. Upon retirement of the bonds, the  
7 trustee shall pay over any excess amounts held to the  
8 municipality for deposit in the special tax allocation fund.

9 When such redevelopment projects costs, including without  
10 limitation all municipal obligations financing redevelopment  
11 project costs incurred under this Division, have been paid, all  
12 surplus funds then remaining in the special tax allocation fund  
13 shall be distributed by being paid by the municipal treasurer  
14 to the Department of Revenue, the municipality and the county  
15 collector; first to the Department of Revenue and the  
16 municipality in direct proportion to the tax incremental  
17 revenue received from the State and the municipality, but not  
18 to exceed the total incremental revenue received from the State  
19 or the municipality less any annual surplus distribution of  
20 incremental revenue previously made; with any remaining funds  
21 to be paid to the County Collector who shall immediately  
22 thereafter pay said funds to the taxing districts in the  
23 redevelopment project area in the same manner and proportion as  
24 the most recent distribution by the county collector to the  
25 affected districts of real property taxes from real property in  
26 the redevelopment project area.

1           Upon the payment of all redevelopment project costs, the  
2 retirement of obligations, the distribution of any excess  
3 monies pursuant to this Section, and final closing of the books  
4 and records of the redevelopment project area, the municipality  
5 shall adopt an ordinance dissolving the special tax allocation  
6 fund for the redevelopment project area and terminating the  
7 designation of the redevelopment project area as a  
8 redevelopment project area. Title to real or personal property  
9 and public improvements acquired by or for the municipality as  
10 a result of the redevelopment project and plan shall vest in  
11 the municipality when acquired and shall continue to be held by  
12 the municipality after the redevelopment project area has been  
13 terminated. Municipalities shall notify affected taxing  
14 districts prior to November 1 if the redevelopment project area  
15 is to be terminated by December 31 of that same year. If a  
16 municipality extends estimated dates of completion of a  
17 redevelopment project and retirement of obligations to finance  
18 a redevelopment project, as allowed by this amendatory Act of  
19 1993, that extension shall not extend the property tax  
20 increment allocation financing authorized by this Section.  
21 Thereafter the rates of the taxing districts shall be extended  
22 and taxes levied, collected and distributed in the manner  
23 applicable in the absence of the adoption of tax increment  
24 allocation financing.

25           Nothing in this Section shall be construed as relieving  
26 property in such redevelopment project areas from being

1 assessed as provided in the Property Tax Code or as relieving  
2 owners of such property from paying a uniform rate of taxes, as  
3 required by Section 4 of Article IX ~~9~~ of the Illinois  
4 Constitution.

5 (Source: P.A. 95-644, eff. 10-12-07; revised 10-17-12.)