



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3556

by Rep. Anna Moeller

#### SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-74.3-3  
65 ILCS 5/11-74.3-5

from Ch. 24, par. 11-74.3-3

Amends the Business District Development and Redevelopment Law. Provides that a municipality may utilize revenues received under this Law from one business district for eligible costs in another business district that is: (A) contiguous to the business district from which the revenues are received; (B) separated only by a public right of way from the business district from which the revenues are received; or (C) separated only by forest preserve property from the business district from which the revenues are received if the closest boundaries of the business districts that are separated by the forest preserve property are less than one mile apart.

LRB099 05723 AWJ 25767 b

FISCAL 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 Sections 11-74.3-3 and 11-74.3-5 as follows:

6 (65 ILCS 5/11-74.3-3) (from Ch. 24, par. 11-74.3-3)

7 Sec. 11-74.3-3. Powers of municipalities. In addition to  
8 the powers a municipality may now have, a municipality shall  
9 have the following powers:

10 (1) To make and enter into all contracts necessary or  
11 incidental to the implementation and furtherance of a  
12 business district plan. A contract by and between the  
13 municipality and any developer or other nongovernmental  
14 person to pay or reimburse said developer or other  
15 nongovernmental person for business district project costs  
16 incurred or to be incurred by said developer or other  
17 nongovernmental person shall not be deemed an economic  
18 incentive agreement under Section 8-11-20, notwithstanding  
19 the fact that such contract provides for the sharing,  
20 rebate, or payment of retailers' occupation taxes or  
21 service occupation taxes (including, without limitation,  
22 taxes imposed pursuant to subsection (10)) the  
23 municipality receives from the development or

1 redevelopment of properties in the business district.  
2 Contracts entered into pursuant to this subsection shall be  
3 binding upon successor corporate authorities of the  
4 municipality and any party to such contract may seek to  
5 enforce and compel performance of the contract by civil  
6 action, mandamus, injunction, or other proceeding.

7 (2) Within a business district, to acquire by purchase,  
8 donation, or lease, and to own, convey, lease, mortgage, or  
9 dispose of land and other real or personal property or  
10 rights or interests therein; and to grant or acquire  
11 licenses, easements, and options with respect thereto, all  
12 in the manner and at such price authorized by law. No  
13 conveyance, lease, mortgage, disposition of land or other  
14 property acquired by the municipality, or agreement  
15 relating to the development of property, shall be made or  
16 executed except pursuant to prior official action of the  
17 municipality. No conveyance, lease, mortgage, or other  
18 disposition of land owned by the municipality, and no  
19 agreement relating to the development of property, within a  
20 business district shall be made without making public  
21 disclosure of the terms and disposition of all bids and  
22 proposals submitted to the municipality in connection  
23 therewith.

24 (2.5) To acquire property by eminent domain in  
25 accordance with the Eminent Domain Act.

26 (3) To clear any area within a business district by

1 demolition or removal of any existing buildings,  
2 structures, fixtures, utilities, or improvements, and to  
3 clear and grade land.

4 (4) To install, repair, construct, reconstruct, or  
5 relocate public streets, public utilities, and other  
6 public site improvements within or without a business  
7 district which are essential to the preparation of a  
8 business district for use in accordance with a business  
9 district plan.

10 (5) To renovate, rehabilitate, reconstruct, relocate,  
11 repair, or remodel any existing buildings, structures,  
12 works, utilities, or fixtures within any business  
13 district.

14 (6) To construct public improvements, including but  
15 not limited to buildings, structures, works, utilities, or  
16 fixtures within any business district.

17 (7) To fix, charge, and collect fees, rents, and  
18 charges for the use of any building, facility, or property  
19 or any portion thereof owned or leased by the municipality  
20 within a business district.

21 (8) To pay or cause to be paid business district  
22 project costs. Any payments to be made by the municipality  
23 to developers or other nongovernmental persons for  
24 business district project costs incurred by such developer  
25 or other nongovernmental person shall be made only pursuant  
26 to the prior official action of the municipality evidencing

1 an intent to pay or cause to be paid such business district  
2 project costs. A municipality is not required to obtain any  
3 right, title, or interest in any real or personal property  
4 in order to pay business district project costs associated  
5 with such property. The municipality shall adopt such  
6 accounting procedures as shall be necessary to determine  
7 that such business district project costs are properly  
8 paid.

9 (8.5) Utilize revenues, other than State sales tax  
10 increment revenues, received under this Act from one  
11 business district for eligible costs in another business  
12 district that is:

13 (A) contiguous to the business district from which  
14 the revenues are received;

15 (B) separated only by a public right of way from  
16 the business district from which the revenues are  
17 received; or

18 (C) separated only by forest preserve property  
19 from the business district from which the revenues are  
20 received if the closest boundaries of the business  
21 districts that are separated by the forest preserve  
22 property are less than one mile apart.

23 (9) To apply for and accept grants, guarantees,  
24 donations of property or labor or any other thing of value  
25 for use in connection with a business district project.

26 (10) If the municipality has by ordinance found and

1 determined that the business district is a blighted area  
2 under this Law, to impose a retailers' occupation tax and a  
3 service occupation tax in the business district for the  
4 planning, execution, and implementation of business  
5 district plans and to pay for business district project  
6 costs as set forth in the business district plan approved  
7 by the municipality.

8 (11) If the municipality has by ordinance found and  
9 determined that the business district is a blighted area  
10 under this Law, to impose a hotel operators' occupation tax  
11 in the business district for the planning, execution, and  
12 implementation of business district plans and to pay for  
13 the business district project costs as set forth in the  
14 business district plan approved by the municipality.

15 (Source: P.A. 96-1394, eff. 7-29-10; 96-1555, eff. 3-18-11;  
16 97-333, eff. 8-12-11.)

17 (65 ILCS 5/11-74.3-5)

18 Sec. 11-74.3-5. Definitions. The following terms as used in  
19 this Law shall have the following meanings:

20 "Blighted area" means an area that is a blighted area  
21 which, by reason of the predominance of defective,  
22 non-existent, or inadequate street layout, unsanitary or  
23 unsafe conditions, deterioration of site improvements,  
24 improper subdivision or obsolete platting, or the existence of  
25 conditions which endanger life or property by fire or other

1 causes, or any combination of those factors, retards the  
2 provision of housing accommodations or constitutes an economic  
3 or social liability, an economic underutilization of the area,  
4 or a menace to the public health, safety, morals, or welfare.

5 "Business district" means a contiguous area which includes  
6 only parcels of real property directly and substantially  
7 benefited by the proposed business district plan. A business  
8 district may, but need not be, a blighted area, but no  
9 municipality shall be authorized to impose taxes pursuant to  
10 subsection (10) or (11) of Section 11-74.3-3 in a business  
11 district which has not been determined by ordinance to be a  
12 blighted area under this Law.

13 "Business district plan" shall mean the written plan for  
14 the development or redevelopment of a business district. Each  
15 business district plan shall set forth in writing: (i) a  
16 specific description of the boundaries of the proposed business  
17 district, including a map illustrating the boundaries; (ii) a  
18 general description of each project proposed to be undertaken  
19 within the business district, including a description of the  
20 approximate location of each project and a description of any  
21 developer, user, or tenant of any property to be located or  
22 improved within the proposed business district; (iii) the name  
23 of the proposed business district; (iv) the estimated business  
24 district project costs; (v) the anticipated source of funds to  
25 pay business district project costs; (vi) the anticipated type  
26 and terms of any obligations to be issued; and (vii) the rate

1 of any tax to be imposed pursuant to subsection (10) or (11) of  
2 Section 11-74.3-3 and the period of time for which the tax  
3 shall be imposed.

4 "Business district project costs" shall mean and include  
5 the sum total of all costs incurred by a municipality, other  
6 governmental entity, or nongovernmental person in connection  
7 with a business district, in the furtherance of a business  
8 district plan, including, without limitation, the following:

9 (1) costs of studies, surveys, development of plans and  
10 specifications, implementation and administration of a  
11 business district plan, and personnel and professional  
12 service costs including architectural, engineering, legal,  
13 marketing, financial, planning, or other professional  
14 services, provided that no charges for professional  
15 services may be based on a percentage of tax revenues  
16 received by the municipality;

17 (2) property assembly costs, including but not limited  
18 to, acquisition of land and other real or personal property  
19 or rights or interests therein, and specifically including  
20 payments to developers or other nongovernmental persons as  
21 reimbursement for property assembly costs incurred by that  
22 developer or other nongovernmental person;

23 (3) site preparation costs, including but not limited  
24 to clearance, demolition or removal of any existing  
25 buildings, structures, fixtures, utilities, and  
26 improvements and clearing and grading of land;



1           (4) costs of installation, repair, construction,  
2 reconstruction, extension, or relocation of public  
3 streets, public utilities, and other public site  
4 improvements within or without the business district which  
5 are essential to the preparation of the business district  
6 for use in accordance with the business district plan, and  
7 specifically including payments to developers or other  
8 nongovernmental persons as reimbursement for site  
9 preparation costs incurred by the developer or  
10 nongovernmental person;

11           (5) costs of renovation, rehabilitation,  
12 reconstruction, relocation, repair, or remodeling of any  
13 existing buildings, improvements, and fixtures within the  
14 business district, and specifically including payments to  
15 developers or other nongovernmental persons as  
16 reimbursement for costs incurred by those developers or  
17 nongovernmental persons;

18           (6) costs of installation or construction within the  
19 business district of buildings, structures, works,  
20 streets, improvements, equipment, utilities, or fixtures,  
21 and specifically including payments to developers or other  
22 nongovernmental persons as reimbursements for such costs  
23 incurred by such developer or nongovernmental person;

24           (7) financing costs, including but not limited to all  
25 necessary and incidental expenses related to the issuance  
26 of obligations, payment of any interest on any obligations

1 issued under this Law that accrues during the estimated  
2 period of construction of any development or redevelopment  
3 project for which those obligations are issued and for not  
4 exceeding 36 months thereafter, and any reasonable  
5 reserves related to the issuance of those obligations; and

6 (8) relocation costs to the extent that a municipality  
7 determines that relocation costs shall be paid or is  
8 required to make payment of relocation costs by federal or  
9 State law.

10 "Business district tax allocation fund" means the special  
11 fund to be established by a municipality for a business  
12 district as provided in Section 11-74.3-6.

13 "Dissolution date" means the date on which the business  
14 district tax allocation fund shall be dissolved. The  
15 dissolution date shall be not later than 270 days following  
16 payment to the municipality of the last distribution of taxes  
17 as provided in Section 11-74.3-6.

18 "State sales tax increment revenues" has the meaning  
19 provided in subsection (s) of Section 11-74.4-3 of the Tax  
20 Increment Allocation Redevelopment Act.

21 (Source: P.A. 96-1394, eff. 7-29-10; 96-1555, eff. 3-18-11;  
22 97-333, eff. 8-12-11.)