

1 AN ACT concerning redevelopment.

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 11-74.4-3, 11-74.4-8, and 11-74.4-8a as  
6 follows:

7 (65 ILCS 5/11-74.4-3) (from Ch. 24, par. 11-74.4-3)  
8 Sec. 11-74.4-3. Definitions. The following terms,  
9 wherever used or referred to in this Division 74.4 shall have  
10 the following respective meanings, unless in any case a  
11 different meaning clearly appears from the context.

12 (a) For any redevelopment project area that has been  
13 designated pursuant to this Section by an ordinance adopted  
14 prior to November 1, 1999 (the effective date of Public Act  
15 91-478), "blighted area" shall have the meaning set forth in  
16 this Section prior to that date.

17 On and after November 1, 1999, "blighted area" means any  
18 improved or vacant area within the boundaries of a  
19 redevelopment project area located within the territorial  
20 limits of the municipality where:

21 (1) If improved, industrial, commercial, and  
22 residential buildings or improvements are detrimental to  
23 the public safety, health, or welfare because of a  
24 combination of 5 or more of the following factors, each  
25 of which is (i) present, with that presence documented,  
26 to a meaningful extent so that a municipality may  
27 reasonably find that the factor is clearly present within  
28 the intent of the Act and (ii) reasonably distributed  
29 throughout the improved part of the redevelopment project  
30 area:

31 (A) Dilapidation. An advanced state of

1 disrepair or neglect of necessary repairs to the  
2 primary structural components of buildings or  
3 improvements in such a combination that a documented  
4 building condition analysis determines that major  
5 repair is required or the defects are so serious and  
6 so extensive that the buildings must be removed.

7 (B) Obsolescence. The condition or process of  
8 falling into disuse. Structures have become  
9 ill-suited for the original use.

10 (C) Deterioration. With respect to buildings,  
11 defects including, but not limited to, major defects  
12 in the secondary building components such as doors,  
13 windows, porches, gutters and downspouts, and  
14 fascia. With respect to surface improvements, that  
15 the condition of roadways, alleys, curbs, gutters,  
16 sidewalks, off-street parking, and surface storage  
17 areas evidence deterioration, including, but not  
18 limited to, surface cracking, crumbling, potholes,  
19 depressions, loose paving material, and weeds  
20 protruding through paved surfaces.

21 (D) Presence of structures below minimum code  
22 standards. All structures that do not meet the  
23 standards of zoning, subdivision, building, fire,  
24 and other governmental codes applicable to property,  
25 but not including housing and property maintenance  
26 codes.

27 (E) Illegal use of individual structures. The  
28 use of structures in violation of applicable  
29 federal, State, or local laws, exclusive of those  
30 applicable to the presence of structures below  
31 minimum code standards.

32 (F) Excessive vacancies. The presence of  
33 buildings that are unoccupied or under-utilized and  
34 that represent an adverse influence on the area

1 because of the frequency, extent, or duration of the  
2 vacancies.

3 (G) Lack of ventilation, light, or sanitary  
4 facilities. The absence of adequate ventilation for  
5 light or air circulation in spaces or rooms without  
6 windows, or that require the removal of dust, odor,  
7 gas, smoke, or other noxious airborne materials.  
8 Inadequate natural light and ventilation means the  
9 absence of skylights or windows for interior spaces  
10 or rooms and improper window sizes and amounts by  
11 room area to window area ratios. Inadequate  
12 sanitary facilities refers to the absence or  
13 inadequacy of garbage storage and enclosure,  
14 bathroom facilities, hot water and kitchens, and  
15 structural inadequacies preventing ingress and  
16 egress to and from all rooms and units within a  
17 building.

18 (H) Inadequate utilities. Underground and  
19 overhead utilities such as storm sewers and storm  
20 drainage, sanitary sewers, water lines, and gas,  
21 telephone, and electrical services that are shown to  
22 be inadequate. Inadequate utilities are those that  
23 are: (i) of insufficient capacity to serve the uses  
24 in the redevelopment project area, (ii)  
25 deteriorated, antiquated, obsolete, or in disrepair,  
26 or (iii) lacking within the redevelopment project  
27 area.

28 (I) Excessive land coverage and overcrowding  
29 of structures and community facilities. The  
30 over-intensive use of property and the crowding of  
31 buildings and accessory facilities onto a site.  
32 Examples of problem conditions warranting the  
33 designation of an area as one exhibiting excessive  
34 land coverage are: (i) the presence of buildings

1           either improperly situated on parcels or located on  
2           parcels of inadequate size and shape in relation to  
3           present-day standards of development for health and  
4           safety and (ii) the presence of multiple buildings  
5           on a single parcel. For there to be a finding of  
6           excessive land coverage, these parcels must exhibit  
7           one or more of the following conditions:  
8           insufficient provision for light and air within or  
9           around buildings, increased threat of spread of fire  
10          due to the close proximity of buildings, lack of  
11          adequate or proper access to a public right-of-way,  
12          lack of reasonably required off-street parking, or  
13          inadequate provision for loading and service.

14                 (J) Deleterious land use or layout. The  
15                 existence of incompatible land-use relationships,  
16                 buildings occupied by inappropriate mixed-uses, or  
17                 uses considered to be noxious, offensive, or  
18                 unsuitable for the surrounding area.

19                 (K) Environmental clean-up. The proposed  
20                 redevelopment project area has incurred Illinois  
21                 Environmental Protection Agency or United States  
22                 Environmental Protection Agency remediation costs  
23                 for, or a study conducted by an independent  
24                 consultant recognized as having expertise in  
25                 environmental remediation has determined a need for,  
26                 the clean-up of hazardous waste, hazardous  
27                 substances, or underground storage tanks required by  
28                 State or federal law, provided that the remediation  
29                 costs constitute a material impediment to the  
30                 development or redevelopment of the redevelopment  
31                 project area.

32                 (L) Lack of community planning. The proposed  
33                 redevelopment project area was developed prior to or  
34                 without the benefit or guidance of a community plan.

1 This means that the development occurred prior to  
2 the adoption by the municipality of a comprehensive  
3 or other community plan or that the plan was not  
4 followed at the time of the area's development.  
5 This factor must be documented by evidence of  
6 adverse or incompatible land-use relationships,  
7 inadequate street layout, improper subdivision,  
8 parcels of inadequate shape and size to meet  
9 contemporary development standards, or other  
10 evidence demonstrating an absence of effective  
11 community planning.

12 (M) The total equalized assessed value of the  
13 proposed redevelopment project area has declined for  
14 3 of the last 5 calendar years prior to the year in  
15 which the redevelopment project area is designated  
16 or is increasing at an annual rate that is less than  
17 the balance of the municipality for 3 of the last 5  
18 calendar years for which information is available or  
19 is increasing at an annual rate that is less than  
20 the Consumer Price Index for All Urban Consumers  
21 published by the United States Department of Labor  
22 or successor agency for 3 of the last 5 calendar  
23 years prior to the year in which the redevelopment  
24 project area is designated.

25 (2) If vacant, the sound growth of the  
26 redevelopment project area is impaired by a combination  
27 of 2 or more of the following factors, each of which is  
28 (i) present, with that presence documented, to a  
29 meaningful extent so that a municipality may reasonably  
30 find that the factor is clearly present within the intent  
31 of the Act and (ii) reasonably distributed throughout the  
32 vacant part of the redevelopment project area to which it  
33 pertains:

34 (A) Obsolete platting of vacant land that

1 results in parcels of limited or narrow size or  
2 configurations of parcels of irregular size or shape  
3 that would be difficult to develop on a planned  
4 basis and in a manner compatible with contemporary  
5 standards and requirements, or platting that failed  
6 to create rights-of-ways for streets or alleys or  
7 that created inadequate right-of-way widths for  
8 streets, alleys, or other public rights-of-way or  
9 that omitted easements for public utilities.

10 (B) Diversity of ownership of parcels of  
11 vacant land sufficient in number to retard or impede  
12 the ability to assemble the land for development.

13 (C) Tax and special assessment delinquencies  
14 exist or the property has been the subject of tax  
15 sales under the Property Tax Code within the last 5  
16 years.

17 (D) Deterioration of structures or site  
18 improvements in neighboring areas adjacent to the  
19 vacant land.

20 (E) The area has incurred Illinois  
21 Environmental Protection Agency or United States  
22 Environmental Protection Agency remediation costs  
23 for, or a study conducted by an independent  
24 consultant recognized as having expertise in  
25 environmental remediation has determined a need for,  
26 the clean-up of hazardous waste, hazardous  
27 substances, or underground storage tanks required by  
28 State or federal law, provided that the remediation  
29 costs constitute a material impediment to the  
30 development or redevelopment of the redevelopment  
31 project area.

32 (F) The total equalized assessed value of the  
33 proposed redevelopment project area has declined for  
34 3 of the last 5 calendar years prior to the year in

1           which the redevelopment project area is designated  
2           or is increasing at an annual rate that is less than  
3           the balance of the municipality for 3 of the last 5  
4           calendar years for which information is available or  
5           is increasing at an annual rate that is less than  
6           the Consumer Price Index for All Urban Consumers  
7           published by the United States Department of Labor  
8           or successor agency for 3 of the last 5 calendar  
9           years prior to the year in which the redevelopment  
10          project area is designated.

11          (3) If vacant, the sound growth of the  
12          redevelopment project area is impaired by one of the  
13          following factors that (i) is present, with that presence  
14          documented, to a meaningful extent so that a municipality  
15          may reasonably find that the factor is clearly present  
16          within the intent of the Act and (ii) is reasonably  
17          distributed throughout the vacant part of the  
18          redevelopment project area to which it pertains:

19                (A) The area consists of one or more unused  
20                quarries, mines, or strip mine ponds.

21                (B) The area consists of unused railyards,  
22                rail tracks, or railroad rights-of-way.

23                (C) The area, prior to its designation, is  
24                subject to chronic flooding that adversely impacts  
25                on real property in the area as certified by a  
26                registered professional engineer or appropriate  
27                regulatory agency.

28                (D) The area consists of an unused or illegal  
29                disposal site containing earth, stone, building  
30                debris, or similar materials that were removed from  
31                construction, demolition, excavation, or dredge  
32                sites.

33                (E) Prior to November 1, 1999, the area is not  
34                less than 50 nor more than 100 acres and 75% of

1           which is vacant (notwithstanding that the area has  
2           been used for commercial agricultural purposes  
3           within 5 years prior to the designation of the  
4           redevelopment project area), and the area meets at  
5           least one of the factors itemized in paragraph (1)  
6           of this subsection, the area has been designated as  
7           a town or village center by ordinance or  
8           comprehensive plan adopted prior to January 1, 1982,  
9           and the area has not been developed for that  
10          designated purpose.

11                   (F) The area qualified as a blighted improved  
12          area immediately prior to becoming vacant, unless  
13          there has been substantial private investment in the  
14          immediately surrounding area.

15           (b) For any redevelopment project area that has been  
16          designated pursuant to this Section by an ordinance adopted  
17          prior to November 1, 1999 (the effective date of Public Act  
18          91-478), "conservation area" shall have the meaning set forth  
19          in this Section prior to that date.

20           On and after November 1, 1999, "conservation area" means  
21          any improved area within the boundaries of a redevelopment  
22          project area located within the territorial limits of the  
23          municipality in which 50% or more of the structures in the  
24          area have an age of 35 years or more. Such an area is not  
25          yet a blighted area but because of a combination of 3 or more  
26          of the following factors is detrimental to the public safety,  
27          health, morals or welfare and such an area may become a  
28          blighted area:

29                   (1) Dilapidation. An advanced state of disrepair  
30          or neglect of necessary repairs to the primary structural  
31          components of buildings or improvements in such a  
32          combination that a documented building condition analysis  
33          determines that major repair is required or the defects  
34          are so serious and so extensive that the buildings must

1 be removed.

2 (2) Obsolescence. The condition or process of  
3 falling into disuse. Structures have become ill-suited  
4 for the original use.

5 (3) Deterioration. With respect to buildings,  
6 defects including, but not limited to, major defects in  
7 the secondary building components such as doors, windows,  
8 porches, gutters and downspouts, and fascia. With  
9 respect to surface improvements, that the condition of  
10 roadways, alleys, curbs, gutters, sidewalks, off-street  
11 parking, and surface storage areas evidence  
12 deterioration, including, but not limited to, surface  
13 cracking, crumbling, potholes, depressions, loose paving  
14 material, and weeds protruding through paved surfaces.

15 (4) Presence of structures below minimum code  
16 standards. All structures that do not meet the standards  
17 of zoning, subdivision, building, fire, and other  
18 governmental codes applicable to property, but not  
19 including housing and property maintenance codes.

20 (5) Illegal use of individual structures. The use  
21 of structures in violation of applicable federal, State,  
22 or local laws, exclusive of those applicable to the  
23 presence of structures below minimum code standards.

24 (6) Excessive vacancies. The presence of buildings  
25 that are unoccupied or under-utilized and that represent  
26 an adverse influence on the area because of the  
27 frequency, extent, or duration of the vacancies.

28 (7) Lack of ventilation, light, or sanitary  
29 facilities. The absence of adequate ventilation for  
30 light or air circulation in spaces or rooms without  
31 windows, or that require the removal of dust, odor, gas,  
32 smoke, or other noxious airborne materials. Inadequate  
33 natural light and ventilation means the absence or  
34 inadequacy of skylights or windows for interior spaces or

1 rooms and improper window sizes and amounts by room area  
2 to window area ratios. Inadequate sanitary facilities  
3 refers to the absence or inadequacy of garbage storage  
4 and enclosure, bathroom facilities, hot water and  
5 kitchens, and structural inadequacies preventing ingress  
6 and egress to and from all rooms and units within a  
7 building.

8 (8) Inadequate utilities. Underground and overhead  
9 utilities such as storm sewers and storm drainage,  
10 sanitary sewers, water lines, and gas, telephone, and  
11 electrical services that are shown to be inadequate.  
12 Inadequate utilities are those that are: (i) of  
13 insufficient capacity to serve the uses in the  
14 redevelopment project area, (ii) deteriorated,  
15 antiquated, obsolete, or in disrepair, or (iii) lacking  
16 within the redevelopment project area.

17 (9) Excessive land coverage and overcrowding of  
18 structures and community facilities. The over-intensive  
19 use of property and the crowding of buildings and  
20 accessory facilities onto a site. Examples of problem  
21 conditions warranting the designation of an area as one  
22 exhibiting excessive land coverage are: the presence of  
23 buildings either improperly situated on parcels or  
24 located on parcels of inadequate size and shape in  
25 relation to present-day standards of development for  
26 health and safety and the presence of multiple buildings  
27 on a single parcel. For there to be a finding of  
28 excessive land coverage, these parcels must exhibit one  
29 or more of the following conditions: insufficient  
30 provision for light and air within or around buildings,  
31 increased threat of spread of fire due to the close  
32 proximity of buildings, lack of adequate or proper access  
33 to a public right-of-way, lack of reasonably required  
34 off-street parking, or inadequate provision for loading

1 and service.

2 (10) Deleterious land use or layout. The existence  
3 of incompatible land-use relationships, buildings  
4 occupied by inappropriate mixed-uses, or uses considered  
5 to be noxious, offensive, or unsuitable for the  
6 surrounding area.

7 (11) Lack of community planning. The proposed  
8 redevelopment project area was developed prior to or  
9 without the benefit or guidance of a community plan. This  
10 means that the development occurred prior to the adoption  
11 by the municipality of a comprehensive or other community  
12 plan or that the plan was not followed at the time of the  
13 area's development. This factor must be documented by  
14 evidence of adverse or incompatible land-use  
15 relationships, inadequate street layout, improper  
16 subdivision, parcels of inadequate shape and size to meet  
17 contemporary development standards, or other evidence  
18 demonstrating an absence of effective community planning.

19 (12) The area has incurred Illinois Environmental  
20 Protection Agency or United States Environmental  
21 Protection Agency remediation costs for, or a study  
22 conducted by an independent consultant recognized as  
23 having expertise in environmental remediation has  
24 determined a need for, the clean-up of hazardous waste,  
25 hazardous substances, or underground storage tanks  
26 required by State or federal law, provided that the  
27 remediation costs constitute a material impediment to the  
28 development or redevelopment of the redevelopment project  
29 area.

30 (13) The total equalized assessed value of the  
31 proposed redevelopment project area has declined for 3 of  
32 the last 5 calendar years for which information is  
33 available or is increasing at an annual rate that is less  
34 than the balance of the municipality for 3 of the last 5

1 calendar years for which information is available or is  
2 increasing at an annual rate that is less than the  
3 Consumer Price Index for All Urban Consumers published by  
4 the United States Department of Labor or successor agency  
5 for 3 of the last 5 calendar years for which information  
6 is available.

7 (c) "Industrial park" means an area in a blighted or  
8 conservation area suitable for use by any manufacturing,  
9 industrial, research or transportation enterprise, of  
10 facilities to include but not be limited to factories, mills,  
11 processing plants, assembly plants, packing plants,  
12 fabricating plants, industrial distribution centers,  
13 warehouses, repair overhaul or service facilities, freight  
14 terminals, research facilities, test facilities or railroad  
15 facilities.

16 (d) "Industrial park conservation area" means an area  
17 within the boundaries of a redevelopment project area located  
18 within the territorial limits of a municipality that is a  
19 labor surplus municipality or within 1 1/2 miles of the  
20 territorial limits of a municipality that is a labor surplus  
21 municipality if the area is annexed to the municipality;  
22 which area is zoned as industrial no later than at the time  
23 the municipality by ordinance designates the redevelopment  
24 project area, and which area includes both vacant land  
25 suitable for use as an industrial park and a blighted area or  
26 conservation area contiguous to such vacant land.

27 (e) "Labor surplus municipality" means a municipality in  
28 which, at any time during the 6 months before the  
29 municipality by ordinance designates an industrial park  
30 conservation area, the unemployment rate was over 6% and was  
31 also 100% or more of the national average unemployment rate  
32 for that same time as published in the United States  
33 Department of Labor Bureau of Labor Statistics publication  
34 entitled "The Employment Situation" or its successor

1 publication. For the purpose of this subsection, if  
2 unemployment rate statistics for the municipality are not  
3 available, the unemployment rate in the municipality shall be  
4 deemed to be the same as the unemployment rate in the  
5 principal county in which the municipality is located.

6 (f) "Municipality" shall mean a city, village or  
7 incorporated town.

8 (g) "Initial Sales Tax Amounts" means the amount of  
9 taxes paid under the Retailers' Occupation Tax Act, Use Tax  
10 Act, Service Use Tax Act, the Service Occupation Tax Act, the  
11 Municipal Retailers' Occupation Tax Act, and the Municipal  
12 Service Occupation Tax Act by retailers and servicemen on  
13 transactions at places located in a State Sales Tax Boundary  
14 during the calendar year 1985.

15 (g-1) "Revised Initial Sales Tax Amounts" means the  
16 amount of taxes paid under the Retailers' Occupation Tax Act,  
17 Use Tax Act, Service Use Tax Act, the Service Occupation Tax  
18 Act, the Municipal Retailers' Occupation Tax Act, and the  
19 Municipal Service Occupation Tax Act by retailers and  
20 servicemen on transactions at places located within the State  
21 Sales Tax Boundary revised pursuant to Section 11-74.4-8a(9)  
22 of this Act.

23 (h) "Municipal Sales Tax Increment" means an amount  
24 equal to the increase in the aggregate amount of taxes paid  
25 to a municipality from the Local Government Tax Fund arising  
26 from sales by retailers and servicemen within the  
27 redevelopment project area or State Sales Tax Boundary, as  
28 the case may be, for as long as the redevelopment project  
29 area or State Sales Tax Boundary, as the case may be, exist  
30 over and above the aggregate amount of taxes as certified by  
31 the Illinois Department of Revenue and paid under the  
32 Municipal Retailers' Occupation Tax Act and the Municipal  
33 Service Occupation Tax Act by retailers and servicemen, on  
34 transactions at places of business located in the

1 redevelopment project area or State Sales Tax Boundary, as  
2 the case may be, during the base year which shall be the  
3 calendar year immediately prior to the year in which the  
4 municipality adopted tax increment allocation financing. For  
5 purposes of computing the aggregate amount of such taxes for  
6 base years occurring prior to 1985, the Department of Revenue  
7 shall determine the Initial Sales Tax Amounts for such taxes  
8 and deduct therefrom an amount equal to 4% of the aggregate  
9 amount of taxes per year for each year the base year is prior  
10 to 1985, but not to exceed a total deduction of 12%. The  
11 amount so determined shall be known as the "Adjusted Initial  
12 Sales Tax Amounts". For purposes of determining the  
13 Municipal Sales Tax Increment, the Department of Revenue  
14 shall for each period subtract from the amount paid to the  
15 municipality from the Local Government Tax Fund arising from  
16 sales by retailers and servicemen on transactions located in  
17 the redevelopment project area or the State Sales Tax  
18 Boundary, as the case may be, the certified Initial Sales Tax  
19 Amounts, the Adjusted Initial Sales Tax Amounts or the  
20 Revised Initial Sales Tax Amounts for the Municipal  
21 Retailers' Occupation Tax Act and the Municipal Service  
22 Occupation Tax Act. For the State Fiscal Year 1989, this  
23 calculation shall be made by utilizing the calendar year 1987  
24 to determine the tax amounts received. For the State Fiscal  
25 Year 1990, this calculation shall be made by utilizing the  
26 period from January 1, 1988, until September 30, 1988, to  
27 determine the tax amounts received from retailers and  
28 servicemen pursuant to the Municipal Retailers' Occupation  
29 Tax and the Municipal Service Occupation Tax Act, which shall  
30 have deducted therefrom nine-twelfths of the certified  
31 Initial Sales Tax Amounts, the Adjusted Initial Sales Tax  
32 Amounts or the Revised Initial Sales Tax Amounts as  
33 appropriate. For the State Fiscal Year 1991, this calculation  
34 shall be made by utilizing the period from October 1, 1988,

1 to June 30, 1989, to determine the tax amounts received from  
2 retailers and servicemen pursuant to the Municipal Retailers'  
3 Occupation Tax and the Municipal Service Occupation Tax Act  
4 which shall have deducted therefrom nine-twelfths of the  
5 certified Initial Sales Tax Amounts, Adjusted Initial Sales  
6 Tax Amounts or the Revised Initial Sales Tax Amounts as  
7 appropriate. For every State Fiscal Year thereafter, the  
8 applicable period shall be the 12 months beginning July 1 and  
9 ending June 30 to determine the tax amounts received which  
10 shall have deducted therefrom the certified Initial Sales Tax  
11 Amounts, the Adjusted Initial Sales Tax Amounts or the  
12 Revised Initial Sales Tax Amounts, as the case may be.

13 (i) "Net State Sales Tax Increment" means the sum of the  
14 following: (a) 80% of the first \$100,000 of State Sales Tax  
15 Increment annually generated within a State Sales Tax  
16 Boundary; (b) 60% of the amount in excess of \$100,000 but not  
17 exceeding \$500,000 of State Sales Tax Increment annually  
18 generated within a State Sales Tax Boundary; and (c) 40% of  
19 all amounts in excess of \$500,000 of State Sales Tax  
20 Increment annually generated within a State Sales Tax  
21 Boundary. If, however, a municipality established a tax  
22 increment financing district in a county with a population in  
23 excess of 3,000,000 before January 1, 1986, and the  
24 municipality entered into a contract or issued bonds after  
25 January 1, 1986, but before December 31, 1986, to finance  
26 redevelopment project costs within a State Sales Tax  
27 Boundary, then the Net State Sales Tax Increment means, for  
28 the fiscal years beginning July 1, 1990, and July 1, 1991,  
29 100% of the State Sales Tax Increment annually generated  
30 within a State Sales Tax Boundary; and notwithstanding any  
31 other provision of this Act, for those fiscal years the  
32 Department of Revenue shall distribute to those  
33 municipalities 100% of their Net State Sales Tax Increment  
34 before any distribution to any other municipality and

1 regardless of whether or not those other municipalities will  
2 receive 100% of their Net State Sales Tax Increment. For  
3 Fiscal Year 1999, and every year thereafter until the year  
4 2007, for any municipality that has not entered into a  
5 contract or has not issued bonds prior to June 1, 1988 to  
6 finance redevelopment project costs within a State Sales Tax  
7 Boundary, the Net State Sales Tax Increment shall be  
8 calculated as follows: By multiplying the Net State Sales Tax  
9 Increment by 90% in the State Fiscal Year 1999; 80% in the  
10 State Fiscal Year 2000; 70% in the State Fiscal Year 2001;  
11 60% in the State Fiscal Year 2002; 50% in the State Fiscal  
12 Year 2003; 40% in the State Fiscal Year 2004; 30% in the  
13 State Fiscal Year 2005; 20% in the State Fiscal Year 2006;  
14 and 10% in the State Fiscal Year 2007. No payment shall be  
15 made for State Fiscal Year 2008 and thereafter.

16 Municipalities that issued bonds in connection with a  
17 redevelopment project in a redevelopment project area within  
18 the State Sales Tax Boundary prior to July 29, 1991, or that  
19 entered into contracts in connection with a redevelopment  
20 project in a redevelopment project area before June 1, 1988,  
21 shall continue to receive their proportional share of the  
22 Illinois Tax Increment Fund distribution until the date on  
23 which the redevelopment project is completed or terminated,  
24 ~~or the date on which the bonds are retired or the contracts~~  
25 ~~are completed, whichever date occurs first.~~ If, however, a  
26 municipality that issued bonds in connection with a  
27 redevelopment project in a redevelopment project area within  
28 the State Sales Tax Boundary prior to July 29, 1991 retires  
29 the bonds prior to June 30, 2007 or a municipality that  
30 entered into contracts in connection with a redevelopment  
31 project in a redevelopment project area before June 1, 1988  
32 completes the contracts prior to June 30, 2007, then so long  
33 as the redevelopment project is not completed or terminated,  
34 the Net State Sales Tax Increment shall be calculated,

1 beginning on the date on which the bonds are retired or the  
2 contracts are completed, as follows: By multiplying the Net  
3 State Sales Tax Increment by 60% in the State Fiscal Year  
4 2002; 50% in the State Fiscal Year 2003; 40% in the State  
5 Fiscal Year 2004; 30% in the State Fiscal Year 2005; 20% in  
6 the State Fiscal Year 2006; and 10% in the State Fiscal Year  
7 2007. No payment shall be made for State Fiscal Year 2008  
8 and thereafter. Refunding of any bonds issued prior to July  
9 29, 1991, shall not alter the Net State Sales Tax Increment.

10 (j) "State Utility Tax Increment Amount" means an amount  
11 equal to the aggregate increase in State electric and gas tax  
12 charges imposed on owners and tenants, other than residential  
13 customers, of properties located within the redevelopment  
14 project area under Section 9-222 of the Public Utilities Act,  
15 over and above the aggregate of such charges as certified by  
16 the Department of Revenue and paid by owners and tenants,  
17 other than residential customers, of properties within the  
18 redevelopment project area during the base year, which shall  
19 be the calendar year immediately prior to the year of the  
20 adoption of the ordinance authorizing tax increment  
21 allocation financing.

22 (k) "Net State Utility Tax Increment" means the sum of  
23 the following: (a) 80% of the first \$100,000 of State Utility  
24 Tax Increment annually generated by a redevelopment project  
25 area; (b) 60% of the amount in excess of \$100,000 but not  
26 exceeding \$500,000 of the State Utility Tax Increment  
27 annually generated by a redevelopment project area; and (c)  
28 40% of all amounts in excess of \$500,000 of State Utility Tax  
29 Increment annually generated by a redevelopment project area.  
30 For the State Fiscal Year 1999, and every year thereafter  
31 until the year 2007, for any municipality that has not  
32 entered into a contract or has not issued bonds prior to June  
33 1, 1988 to finance redevelopment project costs within a  
34 redevelopment project area, the Net State Utility Tax

1 Increment shall be calculated as follows: By multiplying the  
2 Net State Utility Tax Increment by 90% in the State Fiscal  
3 Year 1999; 80% in the State Fiscal Year 2000; 70% in the  
4 State Fiscal Year 2001; 60% in the State Fiscal Year 2002;  
5 50% in the State Fiscal Year 2003; 40% in the State Fiscal  
6 Year 2004; 30% in the State Fiscal Year 2005; 20% in the  
7 State Fiscal Year 2006; and 10% in the State Fiscal Year  
8 2007. No payment shall be made for the State Fiscal Year 2008  
9 and thereafter.

10 Municipalities that issue bonds in connection with the  
11 redevelopment project during the period from June 1, 1988  
12 until 3 years after the effective date of this Amendatory Act  
13 of 1988 shall receive the Net State Utility Tax Increment,  
14 subject to appropriation, for 15 State Fiscal Years after the  
15 issuance of such bonds. For the 16th through the 20th State  
16 Fiscal Years after issuance of the bonds, the Net State  
17 Utility Tax Increment shall be calculated as follows: By  
18 multiplying the Net State Utility Tax Increment by 90% in  
19 year 16; 80% in year 17; 70% in year 18; 60% in year 19; and  
20 50% in year 20. Refunding of any bonds issued prior to June  
21 1, 1988, shall not alter the revised Net State Utility Tax  
22 Increment payments set forth above.

23 (l) "Obligations" mean bonds, loans, debentures, notes,  
24 special certificates or other evidence of indebtedness issued  
25 by the municipality to carry out a redevelopment project or  
26 to refund outstanding obligations.

27 (m) "Payment in lieu of taxes" means those estimated tax  
28 revenues from real property in a redevelopment project area  
29 derived from real property that has been acquired by a  
30 municipality which according to the redevelopment project or  
31 plan is to be used for a private use which taxing districts  
32 would have received had a municipality not acquired the real  
33 property and adopted tax increment allocation financing and  
34 which would result from levies made after the time of the

1 adoption of tax increment allocation financing to the time  
2 the current equalized value of real property in the  
3 redevelopment project area exceeds the total initial  
4 equalized value of real property in said area.

5 (n) "Redevelopment plan" means the comprehensive program  
6 of the municipality for development or redevelopment intended  
7 by the payment of redevelopment project costs to reduce or  
8 eliminate those conditions the existence of which qualified  
9 the redevelopment project area as a "blighted area" or  
10 "conservation area" or combination thereof or "industrial  
11 park conservation area," and thereby to enhance the tax bases  
12 of the taxing districts which extend into the redevelopment  
13 project area. On and after November 1, 1999 (the effective  
14 date of Public Act 91-478), no redevelopment plan may be  
15 approved or amended that includes the development of vacant  
16 land (i) with a golf course and related clubhouse and other  
17 facilities or (ii) designated by federal, State, county, or  
18 municipal government as public land for outdoor recreational  
19 activities or for nature preserves and used for that purpose  
20 within 5 years prior to the adoption of the redevelopment  
21 plan. For the purpose of this subsection, "recreational  
22 activities" is limited to mean camping and hunting. Each  
23 redevelopment plan shall set forth in writing the program to  
24 be undertaken to accomplish the objectives and shall include  
25 but not be limited to:

26 (A) an itemized list of estimated redevelopment  
27 project costs;

28 (B) evidence indicating that the redevelopment  
29 project area on the whole has not been subject to growth  
30 and development through investment by private enterprise;

31 (C) an assessment of any financial impact of the  
32 redevelopment project area on or any increased demand for  
33 services from any taxing district affected by the plan  
34 and any program to address such financial impact or

1 increased demand;

2 (D) the sources of funds to pay costs;

3 (E) the nature and term of the obligations to be  
4 issued;

5 (F) the most recent equalized assessed valuation of  
6 the redevelopment project area;

7 (G) an estimate as to the equalized assessed  
8 valuation after redevelopment and the general land uses  
9 to apply in the redevelopment project area;

10 (H) a commitment to fair employment practices and  
11 an affirmative action plan;

12 (I) if it concerns an industrial park conservation  
13 area, the plan shall also include a general description  
14 of any proposed developer, user and tenant of any  
15 property, a description of the type, structure and  
16 general character of the facilities to be developed, a  
17 description of the type, class and number of new  
18 employees to be employed in the operation of the  
19 facilities to be developed; and

20 (J) if property is to be annexed to the  
21 municipality, the plan shall include the terms of the  
22 annexation agreement.

23 The provisions of items (B) and (C) of this subsection  
24 (n) shall not apply to a municipality that before March 14,  
25 1994 (the effective date of Public Act 88-537) had fixed,  
26 either by its corporate authorities or by a commission  
27 designated under subsection (k) of Section 11-74.4-4, a time  
28 and place for a public hearing as required by subsection (a)  
29 of Section 11-74.4-5. No redevelopment plan shall be adopted  
30 unless a municipality complies with all of the following  
31 requirements:

32 (1) The municipality finds that the redevelopment  
33 project area on the whole has not been subject to growth  
34 and development through investment by private enterprise

1 and would not reasonably be anticipated to be developed  
2 without the adoption of the redevelopment plan.

3 (2) The municipality finds that the redevelopment  
4 plan and project conform to the comprehensive plan for  
5 the development of the municipality as a whole, or, for  
6 municipalities with a population of 100,000 or more,  
7 regardless of when the redevelopment plan and project was  
8 adopted, the redevelopment plan and project either: (i)  
9 conforms to the strategic economic development or  
10 redevelopment plan issued by the designated planning  
11 authority of the municipality, or (ii) includes land uses  
12 that have been approved by the planning commission of the  
13 municipality.

14 (3) The redevelopment plan establishes the  
15 estimated dates of completion of the redevelopment  
16 project and retirement of obligations issued to finance  
17 redevelopment project costs. Those dates shall not be  
18 later than December 31 of the year in which the payment  
19 to the municipal treasurer as provided in subsection (b)  
20 of Section 11-74.4-8 of this Act is to be made with  
21 respect to ad valorem taxes levied in the twenty-third  
22 calendar year after the year in which the ordinance  
23 approving the redevelopment project area is adopted if  
24 the ordinance was adopted on or after January 15, 1981,  
25 and not later than December 31 of the year in which the  
26 payment to the municipal treasurer as provided in  
27 subsection (b) of Section 11-74.4-8 of this Act is to be  
28 made with respect to ad valorem taxes levied in the  
29 thirty-fifth calendar year after the year in which the  
30 ordinance approving the redevelopment project area is  
31 adopted:

32 (A) if the ordinance was adopted before  
33 January 15, 1981, or

34 (B) if the ordinance was adopted in December

1 1983, April 1984, July 1985, or December 1989, or

2 (C) if the ordinance was adopted in December  
3 1987 and the redevelopment project is located within  
4 one mile of Midway Airport, or

5 (D) if the ordinance was adopted before  
6 January 1, 1987 by a municipality in Mason County,  
7 or

8 (E) if the municipality is subject to the  
9 Local Government Financial Planning and Supervision  
10 Act, or

11 (F) if the ordinance was adopted in December  
12 1984 by the Village of Rosemont, or

13 (G) if the ordinance was adopted on December  
14 31, 1986 by a municipality located in Clinton County  
15 for which at least \$250,000 of tax increment bonds  
16 were authorized on June 17, 1997, or if the  
17 ordinance was adopted on December 31, 1986 by a  
18 municipality with a population in 1990 of less than  
19 3,600 that is located in a county with a population  
20 in 1990 of less than 34,000 and for which at least  
21 \$250,000 of tax increment bonds were authorized on  
22 June 17, 1997, or

23 (H) if the ordinance was adopted on October 5,  
24 1982 by the City of Kankakee, or if the ordinance  
25 was adopted on December 29, 1986 by East St. Louis,  
26 or

27 (I) if the ordinance was adopted on November  
28 12, 1991 by the Village of Sauget, or

29 (J) if the ordinance was adopted on February  
30 11, 1985 by the City of Rock Island, or

31 (K) if the ordinance was adopted before  
32 December 18, 1986 by the City of Moline.

33 However, for redevelopment project areas for which  
34 bonds were issued before July 29, 1991, or for which

1 contracts were entered into before June 1, 1988, in  
2 connection with a redevelopment project in the area  
3 within the State Sales Tax Boundary, the estimated dates  
4 of completion of the redevelopment project and retirement  
5 of obligations to finance redevelopment project costs may  
6 be extended by municipal ordinance to December 31, 2013.  
7 The extension allowed by this amendatory Act of 1993  
8 shall not apply to real property tax increment allocation  
9 financing under Section 11-74.4-8.

10 A municipality may by municipal ordinance amend an  
11 existing redevelopment plan to conform to this paragraph  
12 (3) as amended by Public Act 91-478, which municipal  
13 ordinance may be adopted without further hearing or  
14 notice and without complying with the procedures provided  
15 in this Act pertaining to an amendment to or the initial  
16 approval of a redevelopment plan and project and  
17 designation of a redevelopment project area.

18 Those dates, for purposes of real property tax  
19 increment allocation financing pursuant to Section  
20 11-74.4-8 only, shall be not more than 35 years for  
21 redevelopment project areas that were adopted on or after  
22 December 16, 1986 and for which at least \$8 million worth  
23 of municipal bonds were authorized on or after December  
24 19, 1989 but before January 1, 1990; provided that the  
25 municipality elects to extend the life of the  
26 redevelopment project area to 35 years by the adoption of  
27 an ordinance after at least 14 but not more than 30 days'  
28 written notice to the taxing bodies, that would otherwise  
29 constitute the joint review board for the redevelopment  
30 project area, before the adoption of the ordinance.

31 Those dates, for purposes of real property tax  
32 increment allocation financing pursuant to Section  
33 11-74.4-8 only, shall be not more than 35 years for  
34 redevelopment project areas that were established on or

1 after December 1, 1981 but before January 1, 1982 and for  
2 which at least \$1,500,000 worth of tax increment revenue  
3 bonds were authorized on or after September 30, 1990 but  
4 before July 1, 1991; provided that the municipality  
5 elects to extend the life of the redevelopment project  
6 area to 35 years by the adoption of an ordinance after at  
7 least 14 but not more than 30 days' written notice to the  
8 taxing bodies, that would otherwise constitute the joint  
9 review board for the redevelopment project area, before  
10 the adoption of the ordinance.

11 (3.5) The municipality finds, in the case of an  
12 industrial park conservation area, also that the  
13 municipality is a labor surplus municipality and that the  
14 implementation of the redevelopment plan will reduce  
15 unemployment, create new jobs and by the provision of new  
16 facilities enhance the tax base of the taxing districts  
17 that extend into the redevelopment project area.

18 (4) If any incremental revenues are being utilized  
19 under Section 8(a)(1) or 8(a)(2) of this Act in  
20 redevelopment project areas approved by ordinance after  
21 January 1, 1986, the municipality finds: (a) that the  
22 redevelopment project area would not reasonably be  
23 developed without the use of such incremental revenues,  
24 and (b) that such incremental revenues will be  
25 exclusively utilized for the development of the  
26 redevelopment project area.

27 (5) On and after November 1, 1999, if the  
28 redevelopment plan will not result in displacement of  
29 residents from inhabited units, and the municipality  
30 certifies in the plan that displacement will not result  
31 from the plan, a housing impact study need not be  
32 performed. If, however, the redevelopment plan would  
33 result in the displacement of residents from 10 or more  
34 inhabited residential units, or if the redevelopment

1 project area contains 75 or more inhabited residential  
2 units and no certification is made, then the municipality  
3 shall prepare, as part of the separate feasibility report  
4 required by subsection (a) of Section 11-74.4-5, a  
5 housing impact study.

6 Part I of the housing impact study shall include (i)  
7 data as to whether the residential units are single  
8 family or multi-family units, (ii) the number and type of  
9 rooms within the units, if that information is available,  
10 (iii) whether the units are inhabited or uninhabited, as  
11 determined not less than 45 days before the date that the  
12 ordinance or resolution required by subsection (a) of  
13 Section 11-74.4-5 is passed, and (iv) data as to the  
14 racial and ethnic composition of the residents in the  
15 inhabited residential units. The data requirement as to  
16 the racial and ethnic composition of the residents in the  
17 inhabited residential units shall be deemed to be fully  
18 satisfied by data from the most recent federal census.

19 Part II of the housing impact study shall identify  
20 the inhabited residential units in the proposed  
21 redevelopment project area that are to be or may be  
22 removed. If inhabited residential units are to be  
23 removed, then the housing impact study shall identify (i)  
24 the number and location of those units that will or may  
25 be removed, (ii) the municipality's plans for relocation  
26 assistance for those residents in the proposed  
27 redevelopment project area whose residences are to be  
28 removed, (iii) the availability of replacement housing  
29 for those residents whose residences are to be removed,  
30 and shall identify the type, location, and cost of the  
31 housing, and (iv) the type and extent of relocation  
32 assistance to be provided.

33 (6) On and after November 1, 1999, the housing  
34 impact study required by paragraph (5) shall be

1 incorporated in the redevelopment plan for the  
2 redevelopment project area.

3 (7) On and after November 1, 1999, no redevelopment  
4 plan shall be adopted, nor an existing plan amended, nor  
5 shall residential housing that is occupied by households  
6 of low-income and very low-income persons in currently  
7 existing redevelopment project areas be removed after  
8 November 1, 1999 unless the redevelopment plan provides,  
9 with respect to inhabited housing units that are to be  
10 removed for households of low-income and very low-income  
11 persons, affordable housing and relocation assistance not  
12 less than that which would be provided under the federal  
13 Uniform Relocation Assistance and Real Property  
14 Acquisition Policies Act of 1970 and the regulations  
15 under that Act, including the eligibility criteria.  
16 Affordable housing may be either existing or newly  
17 constructed housing. For purposes of this paragraph (7),  
18 "low-income households", "very low-income households",  
19 and "affordable housing" have the meanings set forth in  
20 the Illinois Affordable Housing Act. The municipality  
21 shall make a good faith effort to ensure that this  
22 affordable housing is located in or near the  
23 redevelopment project area within the municipality.

24 (8) On and after November 1, 1999, if, after the  
25 adoption of the redevelopment plan for the redevelopment  
26 project area, any municipality desires to amend its  
27 redevelopment plan to remove more inhabited residential  
28 units than specified in its original redevelopment plan,  
29 that increase in the number of units to be removed shall  
30 be deemed to be a change in the nature of the  
31 redevelopment plan as to require compliance with the  
32 procedures in this Act pertaining to the initial approval  
33 of a redevelopment plan.

34 (o) "Redevelopment project" means any public and private

1 development project in furtherance of the objectives of a  
2 redevelopment plan. On and after November 1, 1999 (the  
3 effective date of Public Act 91-478), no redevelopment plan  
4 may be approved or amended that includes the development of  
5 vacant land (i) with a golf course and related clubhouse and  
6 other facilities or (ii) designated by federal, State,  
7 county, or municipal government as public land for outdoor  
8 recreational activities or for nature preserves and used for  
9 that purpose within 5 years prior to the adoption of the  
10 redevelopment plan. For the purpose of this subsection,  
11 "recreational activities" is limited to mean camping and  
12 hunting.

13 (p) "Redevelopment project area" means an area  
14 designated by the municipality, which is not less in the  
15 aggregate than 1 1/2 acres and in respect to which the  
16 municipality has made a finding that there exist conditions  
17 which cause the area to be classified as an industrial park  
18 conservation area or a blighted area or a conservation area,  
19 or a combination of both blighted areas and conservation  
20 areas.

21 (q) "Redevelopment project costs" mean and include the  
22 sum total of all reasonable or necessary costs incurred or  
23 estimated to be incurred, and any such costs incidental to a  
24 redevelopment plan and a redevelopment project. Such costs  
25 include, without limitation, the following:

26 (1) Costs of studies, surveys, development of  
27 plans, and specifications, implementation and  
28 administration of the redevelopment plan including but  
29 not limited to staff and professional service costs for  
30 architectural, engineering, legal, financial, planning or  
31 other services, provided however that no charges for  
32 professional services may be based on a percentage of the  
33 tax increment collected; except that on and after  
34 November 1, 1999 (the effective date of Public Act

1 91-478), no contracts for professional services,  
2 excluding architectural and engineering services, may be  
3 entered into if the terms of the contract extend beyond a  
4 period of 3 years. In addition, "redevelopment project  
5 costs" shall not include lobbying expenses. After  
6 consultation with the municipality, each tax increment  
7 consultant or advisor to a municipality that plans to  
8 designate or has designated a redevelopment project area  
9 shall inform the municipality in writing of any contracts  
10 that the consultant or advisor has entered into with  
11 entities or individuals that have received, or are  
12 receiving, payments financed by tax increment revenues  
13 produced by the redevelopment project area with respect  
14 to which the consultant or advisor has performed, or will  
15 be performing, service for the municipality. This  
16 requirement shall be satisfied by the consultant or  
17 advisor before the commencement of services for the  
18 municipality and thereafter whenever any other contracts  
19 with those individuals or entities are executed by the  
20 consultant or advisor;

21 (1.5) After July 1, 1999, annual administrative  
22 costs shall not include general overhead or  
23 administrative costs of the municipality that would still  
24 have been incurred by the municipality if the  
25 municipality had not designated a redevelopment project  
26 area or approved a redevelopment plan;

27 (1.6) The cost of marketing sites within the  
28 redevelopment project area to prospective businesses,  
29 developers, and investors;

30 (2) Property assembly costs, including but not  
31 limited to acquisition of land and other property, real  
32 or personal, or rights or interests therein, demolition  
33 of buildings, site preparation, site improvements that  
34 serve as an engineered barrier addressing ground level or

1 below ground environmental contamination, including, but  
2 not limited to parking lots and other concrete or asphalt  
3 barriers, and the clearing and grading of land;

4 (3) Costs of rehabilitation, reconstruction or  
5 repair or remodeling of existing public or private  
6 buildings, fixtures, and leasehold improvements; and the  
7 cost of replacing an existing public building if pursuant  
8 to the implementation of a redevelopment project the  
9 existing public building is to be demolished to use the  
10 site for private investment or devoted to a different use  
11 requiring private investment;

12 (4) Costs of the construction of public works or  
13 improvements, except that on and after November 1, 1999,  
14 redevelopment project costs shall not include the cost of  
15 constructing a new municipal public building principally  
16 used to provide offices, storage space, or conference  
17 facilities or vehicle storage, maintenance, or repair for  
18 administrative, public safety, or public works personnel  
19 and that is not intended to replace an existing public  
20 building as provided under paragraph (3) of subsection  
21 (q) of Section 11-74.4-3 unless either (i) the  
22 construction of the new municipal building implements a  
23 redevelopment project that was included in a  
24 redevelopment plan that was adopted by the municipality  
25 prior to November 1, 1999 or (ii) the municipality makes  
26 a reasonable determination in the redevelopment plan,  
27 supported by information that provides the basis for that  
28 determination, that the new municipal building is  
29 required to meet an increase in the need for public  
30 safety purposes anticipated to result from the  
31 implementation of the redevelopment plan;

32 (5) Costs of job training and retraining projects,  
33 including the cost of "welfare to work" programs  
34 implemented by businesses located within the

1 redevelopment project area;

2 (6) Financing costs, including but not limited to  
3 all necessary and incidental expenses related to the  
4 issuance of obligations and which may include payment of  
5 interest on any obligations issued hereunder including  
6 interest accruing during the estimated period of  
7 construction of any redevelopment project for which such  
8 obligations are issued and for not exceeding 36 months  
9 thereafter and including reasonable reserves related  
10 thereto;

11 (7) To the extent the municipality by written  
12 agreement accepts and approves the same, all or a portion  
13 of a taxing district's capital costs resulting from the  
14 redevelopment project necessarily incurred or to be  
15 incurred within a taxing district in furtherance of the  
16 objectives of the redevelopment plan and project.

17 (7.5) For redevelopment project areas designated  
18 (or redevelopment project areas amended to add or  
19 increase the number of tax-increment-financing assisted  
20 housing units) on or after November 1, 1999, an  
21 elementary, secondary, or unit school district's  
22 increased costs attributable to assisted housing units  
23 located within the redevelopment project area for which  
24 the developer or redeveloper receives financial  
25 assistance through an agreement with the municipality or  
26 because the municipality incurs the cost of necessary  
27 infrastructure improvements within the boundaries of the  
28 assisted housing sites necessary for the completion of  
29 that housing as authorized by this Act, and which costs  
30 shall be paid by the municipality from the Special Tax  
31 Allocation Fund when the tax increment revenue is  
32 received as a result of the assisted housing units and  
33 shall be calculated annually as follows:

34 (A) for foundation districts, excluding any

1 school district in a municipality with a population  
2 in excess of 1,000,000, by multiplying the  
3 district's increase in attendance resulting from the  
4 net increase in new students enrolled in that school  
5 district who reside in housing units within the  
6 redevelopment project area that have received  
7 financial assistance through an agreement with the  
8 municipality or because the municipality incurs the  
9 cost of necessary infrastructure improvements within  
10 the boundaries of the housing sites necessary for  
11 the completion of that housing as authorized by this  
12 Act since the designation of the redevelopment  
13 project area by the most recently available per  
14 capita tuition cost as defined in Section 10-20.12a  
15 of the School Code less any increase in general  
16 State aid as defined in Section 18-8.05 of the  
17 School Code attributable to these added new students  
18 subject to the following annual limitations:

19 (i) for unit school districts with a  
20 district average 1995-96 Per Capita Tuition  
21 Charge of less than \$5,900, no more than 25% of  
22 the total amount of property tax increment  
23 revenue produced by those housing units that  
24 have received tax increment finance assistance  
25 under this Act;

26 (ii) for elementary school districts with  
27 a district average 1995-96 Per Capita Tuition  
28 Charge of less than \$5,900, no more than 17% of  
29 the total amount of property tax increment  
30 revenue produced by those housing units that  
31 have received tax increment finance assistance  
32 under this Act; and

33 (iii) for secondary school districts with  
34 a district average 1995-96 Per Capita Tuition

1 Charge of less than \$5,900, no more than 8% of  
2 the total amount of property tax increment  
3 revenue produced by those housing units that  
4 have received tax increment finance assistance  
5 under this Act.

6 (B) For alternate method districts, flat grant  
7 districts, and foundation districts with a district  
8 average 1995-96 Per Capita Tuition Charge equal to  
9 or more than \$5,900, excluding any school district  
10 with a population in excess of 1,000,000, by  
11 multiplying the district's increase in attendance  
12 resulting from the net increase in new students  
13 enrolled in that school district who reside in  
14 housing units within the redevelopment project area  
15 that have received financial assistance through an  
16 agreement with the municipality or because the  
17 municipality incurs the cost of necessary  
18 infrastructure improvements within the boundaries of  
19 the housing sites necessary for the completion of  
20 that housing as authorized by this Act since the  
21 designation of the redevelopment project area by the  
22 most recently available per capita tuition cost as  
23 defined in Section 10-20.12a of the School Code less  
24 any increase in general state aid as defined in  
25 Section 18-8.05 of the School Code attributable to  
26 these added new students subject to the following  
27 annual limitations:

28 (i) for unit school districts, no more  
29 than 40% of the total amount of property tax  
30 increment revenue produced by those housing  
31 units that have received tax increment finance  
32 assistance under this Act;

33 (ii) for elementary school districts, no  
34 more than 27% of the total amount of property

1 tax increment revenue produced by those housing  
2 units that have received tax increment finance  
3 assistance under this Act; and

4 (iii) for secondary school districts, no  
5 more than 13% of the total amount of property  
6 tax increment revenue produced by those housing  
7 units that have received tax increment finance  
8 assistance under this Act.

9 (C) For any school district in a municipality  
10 with a population in excess of 1,000,000, the  
11 following restrictions shall apply to the  
12 reimbursement of increased costs under this  
13 paragraph (7.5):

14 (i) no increased costs shall be  
15 reimbursed unless the school district certifies  
16 that each of the schools affected by the  
17 assisted housing project is at or over its  
18 student capacity;

19 (ii) the amount reimburseable shall be  
20 reduced by the value of any land donated to the  
21 school district by the municipality or  
22 developer, and by the value of any physical  
23 improvements made to the schools by the  
24 municipality or developer; and

25 (iii) the amount reimbursed may not  
26 affect amounts otherwise obligated by the terms  
27 of any bonds, notes, or other funding  
28 instruments, or the terms of any redevelopment  
29 agreement.

30 Any school district seeking payment under this  
31 paragraph (7.5) shall, after July 1 and before  
32 September 30 of each year, provide the municipality  
33 with reasonable evidence to support its claim for  
34 reimbursement before the municipality shall be

1 required to approve or make the payment to the  
2 school district. If the school district fails to  
3 provide the information during this period in any  
4 year, it shall forfeit any claim to reimbursement  
5 for that year. School districts may adopt a  
6 resolution waiving the right to all or a portion of  
7 the reimbursement otherwise required by this  
8 paragraph (7.5). By acceptance of this  
9 reimbursement the school district waives the right  
10 to directly or indirectly set aside, modify, or  
11 contest in any manner the establishment of the  
12 redevelopment project area or projects;

13 (8) Relocation costs to the extent that a  
14 municipality determines that relocation costs shall be  
15 paid or is required to make payment of relocation costs  
16 by federal or State law or in order to satisfy  
17 subparagraph (7) of subsection (n);

18 (9) Payment in lieu of taxes;

19 (10) Costs of job training, retraining, advanced  
20 vocational education or career education, including but  
21 not limited to courses in occupational, semi-technical or  
22 technical fields leading directly to employment, incurred  
23 by one or more taxing districts, provided that such costs  
24 (i) are related to the establishment and maintenance of  
25 additional job training, advanced vocational education or  
26 career education programs for persons employed or to be  
27 employed by employers located in a redevelopment project  
28 area; and (ii) when incurred by a taxing district or  
29 taxing districts other than the municipality, are set  
30 forth in a written agreement by or among the municipality  
31 and the taxing district or taxing districts, which  
32 agreement describes the program to be undertaken,  
33 including but not limited to the number of employees to  
34 be trained, a description of the training and services to

1 be provided, the number and type of positions available  
2 or to be available, itemized costs of the program and  
3 sources of funds to pay for the same, and the term of the  
4 agreement. Such costs include, specifically, the payment  
5 by community college districts of costs pursuant to  
6 Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public  
7 Community College Act and by school districts of costs  
8 pursuant to Sections 10-22.20a and 10-23.3a of The School  
9 Code;

10 (11) Interest cost incurred by a redeveloper  
11 related to the construction, renovation or rehabilitation  
12 of a redevelopment project provided that:

13 (A) such costs are to be paid directly from  
14 the special tax allocation fund established pursuant  
15 to this Act;

16 (B) such payments in any one year may not  
17 exceed 30% of the annual interest costs incurred by  
18 the redeveloper with regard to the redevelopment  
19 project during that year;

20 (C) if there are not sufficient funds  
21 available in the special tax allocation fund to make  
22 the payment pursuant to this paragraph (11) then the  
23 amounts so due shall accrue and be payable when  
24 sufficient funds are available in the special tax  
25 allocation fund;

26 (D) the total of such interest payments paid  
27 pursuant to this Act may not exceed 30% of the total  
28 (i) cost paid or incurred by the redeveloper for the  
29 redevelopment project plus (ii) redevelopment  
30 project costs excluding any property assembly costs  
31 and any relocation costs incurred by a municipality  
32 pursuant to this Act; and

33 (E) the cost limits set forth in subparagraphs  
34 (B) and (D) of paragraph (11) shall be modified for

1 the financing of rehabilitated or new housing units  
2 for low-income households and very low-income  
3 households, as defined in Section 3 of the Illinois  
4 Affordable Housing Act. The percentage of 75% shall  
5 be substituted for 30% in subparagraphs (B) and (D)  
6 of paragraph (11).

7 (F) Instead of the eligible costs provided by  
8 subparagraphs (B) and (D) of paragraph (11), as  
9 modified by this subparagraph, and notwithstanding  
10 any other provisions of this Act to the contrary,  
11 the municipality may pay from tax increment revenues  
12 up to 50% of the cost of construction of new housing  
13 units to be occupied by low-income households and  
14 very low-income households as defined in Section 3  
15 of the Illinois Affordable Housing Act. The cost of  
16 construction of those units may be derived from the  
17 proceeds of bonds issued by the municipality under  
18 this Act or other constitutional or statutory  
19 authority or from other sources of municipal revenue  
20 that may be reimbursed from tax increment revenues  
21 or the proceeds of bonds issued to finance the  
22 construction of that housing.

23 The eligible costs provided under this  
24 subparagraph (F) of paragraph (11) shall be an  
25 eligible cost for the construction, renovation, and  
26 rehabilitation of all low and very low-income  
27 housing units, as defined in Section 3 of the  
28 Illinois Affordable Housing Act, within the  
29 redevelopment project area. If the low and very  
30 low-income units are part of a residential  
31 redevelopment project that includes units not  
32 affordable to low and very low-income households,  
33 only the low and very low-income units shall be  
34 eligible for benefits under subparagraph (F) of

1 paragraph (11). The standards for maintaining the  
2 occupancy by low-income households and very  
3 low-income households, as defined in Section 3 of  
4 the Illinois Affordable Housing Act, of those units  
5 constructed with eligible costs made available under  
6 the provisions of this subparagraph (F) of paragraph  
7 (11) shall be established by guidelines adopted by  
8 the municipality. The responsibility for annually  
9 documenting the initial occupancy of the units by  
10 low-income households and very low-income  
11 households, as defined in Section 3 of the Illinois  
12 Affordable Housing Act, shall be that of the then  
13 current owner of the property. For ownership units,  
14 the guidelines will provide, at a minimum, for a  
15 reasonable recapture of funds, or other appropriate  
16 methods designed to preserve the original  
17 affordability of the ownership units. For rental  
18 units, the guidelines will provide, at a minimum,  
19 for the affordability of rent to low and very  
20 low-income households. As units become available,  
21 they shall be rented to income-eligible tenants.  
22 The municipality may modify these guidelines from  
23 time to time; the guidelines, however, shall be in  
24 effect for as long as tax increment revenue is being  
25 used to pay for costs associated with the units or  
26 for the retirement of bonds issued to finance the  
27 units or for the life of the redevelopment project  
28 area, whichever is later.

29 (11.5) If the redevelopment project area is located  
30 within a municipality with a population of more than  
31 100,000, the cost of day care services for children of  
32 employees from low-income families working for businesses  
33 located within the redevelopment project area and all or  
34 a portion of the cost of operation of day care centers

1 established by redevelopment project area businesses to  
2 serve employees from low-income families working in  
3 businesses located in the redevelopment project area.  
4 For the purposes of this paragraph, "low-income families"  
5 means families whose annual income does not exceed 80% of  
6 the municipal, county, or regional median income,  
7 adjusted for family size, as the annual income and  
8 municipal, county, or regional median income are  
9 determined from time to time by the United States  
10 Department of Housing and Urban Development.

11 (12) Unless explicitly stated herein the cost of  
12 construction of new privately-owned buildings shall not  
13 be an eligible redevelopment project cost.

14 (13) After November 1, 1999 (the effective date of  
15 Public Act 91-478), none of the redevelopment project  
16 costs enumerated in this subsection shall be eligible  
17 redevelopment project costs if those costs would provide  
18 direct financial support to a retail entity initiating  
19 operations in the redevelopment project area while  
20 terminating operations at another Illinois location  
21 within 10 miles of the redevelopment project area but  
22 outside the boundaries of the redevelopment project area  
23 municipality. For purposes of this paragraph,  
24 termination means a closing of a retail operation that is  
25 directly related to the opening of the same operation or  
26 like retail entity owned or operated by more than 50% of  
27 the original ownership in a redevelopment project area,  
28 but it does not mean closing an operation for reasons  
29 beyond the control of the retail entity, as documented by  
30 the retail entity, subject to a reasonable finding by the  
31 municipality that the current location contained  
32 inadequate space, had become economically obsolete, or  
33 was no longer a viable location for the retailer or  
34 serviceman.

1           If a special service area has been established pursuant  
2 to the Special Service Area Tax Act or Special Service Area  
3 Tax Law, then any tax increment revenues derived from the tax  
4 imposed pursuant to the Special Service Area Tax Act or  
5 Special Service Area Tax Law may be used within the  
6 redevelopment project area for the purposes permitted by that  
7 Act or Law as well as the purposes permitted by this Act.

8           (r) "State Sales Tax Boundary" means the redevelopment  
9 project area or the amended redevelopment project area  
10 boundaries which are determined pursuant to subsection (9) of  
11 Section 11-74.4-8a of this Act. The Department of Revenue  
12 shall certify pursuant to subsection (9) of Section  
13 11-74.4-8a the appropriate boundaries eligible for the  
14 determination of State Sales Tax Increment.

15           (s) "State Sales Tax Increment" means an amount equal to  
16 the increase in the aggregate amount of taxes paid by  
17 retailers and servicemen, other than retailers and servicemen  
18 subject to the Public Utilities Act, on transactions at  
19 places of business located within a State Sales Tax Boundary  
20 pursuant to the Retailers' Occupation Tax Act, the Use Tax  
21 Act, the Service Use Tax Act, and the Service Occupation Tax  
22 Act, except such portion of such increase that is paid into  
23 the State and Local Sales Tax Reform Fund, the Local  
24 Government Distributive Fund, the Local Government Tax  
25 Fund and the County and Mass Transit District Fund, for as  
26 long as State participation exists, over and above the  
27 Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts  
28 or the Revised Initial Sales Tax Amounts for such taxes as  
29 certified by the Department of Revenue and paid under those  
30 Acts by retailers and servicemen on transactions at places of  
31 business located within the State Sales Tax Boundary during  
32 the base year which shall be the calendar year immediately  
33 prior to the year in which the municipality adopted tax  
34 increment allocation financing, less 3.0% of such amounts

1 generated under the Retailers' Occupation Tax Act, Use Tax  
2 Act and Service Use Tax Act and the Service Occupation Tax  
3 Act, which sum shall be appropriated to the Department of  
4 Revenue to cover its costs of administering and enforcing  
5 this Section. For purposes of computing the aggregate amount  
6 of such taxes for base years occurring prior to 1985, the  
7 Department of Revenue shall compute the Initial Sales Tax  
8 Amount for such taxes and deduct therefrom an amount equal to  
9 4% of the aggregate amount of taxes per year for each year  
10 the base year is prior to 1985, but not to exceed a total  
11 deduction of 12%. The amount so determined shall be known as  
12 the "Adjusted Initial Sales Tax Amount". For purposes of  
13 determining the State Sales Tax Increment the Department of  
14 Revenue shall for each period subtract from the tax amounts  
15 received from retailers and servicemen on transactions  
16 located in the State Sales Tax Boundary, the certified  
17 Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts  
18 or Revised Initial Sales Tax Amounts for the Retailers'  
19 Occupation Tax Act, the Use Tax Act, the Service Use Tax Act  
20 and the Service Occupation Tax Act. For the State Fiscal  
21 Year 1989 this calculation shall be made by utilizing the  
22 calendar year 1987 to determine the tax amounts received. For  
23 the State Fiscal Year 1990, this calculation shall be made by  
24 utilizing the period from January 1, 1988, until September  
25 30, 1988, to determine the tax amounts received from  
26 retailers and servicemen, which shall have deducted therefrom  
27 nine-twelfths of the certified Initial Sales Tax Amounts,  
28 Adjusted Initial Sales Tax Amounts or the Revised Initial  
29 Sales Tax Amounts as appropriate. For the State Fiscal Year  
30 1991, this calculation shall be made by utilizing the period  
31 from October 1, 1988, until June 30, 1989, to determine the  
32 tax amounts received from retailers and servicemen, which  
33 shall have deducted therefrom nine-twelfths of the certified  
34 Initial State Sales Tax Amounts, Adjusted Initial Sales Tax

1 Amounts or the Revised Initial Sales Tax Amounts as  
2 appropriate. For every State Fiscal Year thereafter, the  
3 applicable period shall be the 12 months beginning July 1 and  
4 ending on June 30, to determine the tax amounts received  
5 which shall have deducted therefrom the certified Initial  
6 Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the  
7 Revised Initial Sales Tax Amounts. Municipalities intending  
8 to receive a distribution of State Sales Tax Increment must  
9 report a list of retailers to the Department of Revenue by  
10 October 31, 1988 and by July 31, of each year thereafter.

11 (t) "Taxing districts" means counties, townships, cities  
12 and incorporated towns and villages, school, road, park,  
13 sanitary, mosquito abatement, forest preserve, public health,  
14 fire protection, river conservancy, tuberculosis sanitarium  
15 and any other municipal corporations or districts with the  
16 power to levy taxes.

17 (u) "Taxing districts' capital costs" means those costs  
18 of taxing districts for capital improvements that are found  
19 by the municipal corporate authorities to be necessary and  
20 directly result from the redevelopment project.

21 (v) As used in subsection (a) of Section 11-74.4-3 of  
22 this Act, "vacant land" means any parcel or combination of  
23 parcels of real property without industrial, commercial, and  
24 residential buildings which has not been used for commercial  
25 agricultural purposes within 5 years prior to the designation  
26 of the redevelopment project area, unless the parcel is  
27 included in an industrial park conservation area or the  
28 parcel has been subdivided; provided that if the parcel was  
29 part of a larger tract that has been divided into 3 or more  
30 smaller tracts that were accepted for recording during the  
31 period from 1950 to 1990, then the parcel shall be deemed to  
32 have been subdivided, and all proceedings and actions of the  
33 municipality taken in that connection with respect to any  
34 previously approved or designated redevelopment project area

1 or amended redevelopment project area are hereby validated  
2 and hereby declared to be legally sufficient for all purposes  
3 of this Act. For purposes of this Section and only for land  
4 subject to the subdivision requirements of the Plat Act, land  
5 is subdivided when the original plat of the proposed  
6 Redevelopment Project Area or relevant portion thereof has  
7 been properly certified, acknowledged, approved, and recorded  
8 or filed in accordance with the Plat Act and a preliminary  
9 plat, if any, for any subsequent phases of the proposed  
10 Redevelopment Project Area or relevant portion thereof has  
11 been properly approved and filed in accordance with the  
12 applicable ordinance of the municipality.

13 (w) "Annual Total Increment" means the sum of each  
14 municipality's annual Net Sales Tax Increment and each  
15 municipality's annual Net Utility Tax Increment. The ratio  
16 of the Annual Total Increment of each municipality to the  
17 Annual Total Increment for all municipalities, as most  
18 recently calculated by the Department, shall determine the  
19 proportional shares of the Illinois Tax Increment Fund to be  
20 distributed to each municipality.

21 (Source: P.A. 90-379, eff. 8-14-97; 91-261, eff. 7-23-99;  
22 91-477, eff. 8-11-99; 91-478, eff. 11-1-99; 91-642, eff.  
23 8-20-99; 91-763, eff. 6-9-00)

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

25 Sec. 11-74.4-8. Tax increment allocation financing. A  
26 municipality may not adopt tax increment financing in a  
27 redevelopment project area after the effective date of this  
28 amendatory Act of 1997 that will encompass an area that is  
29 currently included in an enterprise zone created under the  
30 Illinois Enterprise Zone Act unless that municipality,  
31 pursuant to Section 5.4 of the Illinois Enterprise Zone Act,  
32 amends the enterprise zone designating ordinance to limit the  
33 eligibility for tax abatements as provided in Section 5.4.1

1 of the Illinois Enterprise Zone Act. A municipality, at the  
2 time a redevelopment project area is designated, may adopt  
3 tax increment allocation financing by passing an ordinance  
4 providing that the ad valorem taxes, if any, arising from the  
5 levies upon taxable real property in such redevelopment  
6 project area by taxing districts and tax rates determined in  
7 the manner provided in paragraph (c) of Section 11-74.4-9  
8 each year after the effective date of the ordinance until  
9 redevelopment project costs and all municipal obligations  
10 financing redevelopment project costs incurred under this  
11 Division have been paid shall be divided as follows:

12 (a) That portion of taxes levied upon each taxable lot,  
13 block, tract or parcel of real property which is attributable  
14 to the lower of the current equalized assessed value or the  
15 initial equalized assessed value of each such taxable lot,  
16 block, tract or parcel of real property in the redevelopment  
17 project area shall be allocated to and when collected shall  
18 be paid by the county collector to the respective affected  
19 taxing districts in the manner required by law in the absence  
20 of the adoption of tax increment allocation financing.

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

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

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

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

26 (3) The municipal clerk has certified to the county  
27 clerk that the municipality has issued its obligations to  
28 which there has been pledged the incremental property  
29 taxes of the redevelopment project area or taxes levied  
30 and collected on any or all property in the municipality  
31 or the full faith and credit of the municipality to pay  
32 or secure payment for all or a portion of the  
33 redevelopment project costs. The certification shall be  
34 filed annually no later than September 1 for the

1 estimated taxes to be distributed in the following year;  
2 however, for the year 1992 the certification shall be  
3 made at any time on or before March 31, 1992.

4 (4) The municipality has not requested that the  
5 total initial equalized assessed value of real property  
6 be adjusted as provided in subsection (b) of Section  
7 11-74.4-9.

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

20 It is the intent of this Division that after the  
21 effective date of this amendatory Act of 1988 a  
22 municipality's own ad valorem tax arising from levies on  
23 taxable real property be included in the determination of  
24 incremental revenue in the manner provided in paragraph (c)  
25 of Section 11-74.4-9. If the municipality does not extend  
26 such a tax, it shall annually deposit in the municipality's  
27 Special Tax Increment Fund an amount equal to 10% of the  
28 total contributions to the fund from all other taxing  
29 districts in that year. The annual 10% deposit required by  
30 this paragraph shall be limited to the actual amount of  
31 municipally produced incremental tax revenues available to  
32 the municipality from taxpayers located in the redevelopment  
33 project area in that year if: (a) the plan for the area  
34 restricts the use of the property primarily to industrial

1 purposes, (b) the municipality establishing the redevelopment  
2 project area is a home-rule community with a 1990 population  
3 of between 25,000 and 50,000, (c) the municipality is wholly  
4 located within a county with a 1990 population of over  
5 750,000 and (d) the redevelopment project area was  
6 established by the municipality prior to June 1, 1990. This  
7 payment shall be in lieu of a contribution of ad valorem  
8 taxes on real property. If no such payment is made, any  
9 redevelopment project area of the municipality shall be  
10 dissolved.

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

25 (1) That portion of the taxes levied upon each  
26 taxable lot, block, tract or parcel of real property  
27 which is attributable to the lower of the current  
28 equalized assessed value or "current equalized assessed  
29 value as adjusted" or the initial equalized assessed  
30 value of each such taxable lot, block, tract, or parcel  
31 of real property existing at the time tax increment  
32 financing was adopted, minus the total current homestead  
33 exemptions provided by Sections 15-170 and 15-175 of the  
34 Property Tax Code in the redevelopment project area shall

1 be allocated to and when collected shall be paid by the  
2 county collector to the respective affected taxing  
3 districts in the manner required by law in the absence of  
4 the adoption of tax increment allocation financing.

5 (2) That portion, if any, of such taxes which is  
6 attributable to the increase in the current equalized  
7 assessed valuation of each taxable lot, block, tract, or  
8 parcel of real property in the redevelopment project  
9 area, over and above the initial equalized assessed value  
10 of each property existing at the time tax increment  
11 financing was adopted, minus the total current homestead  
12 exemptions pertaining to each piece of property provided  
13 by Sections 15-170 and 15-175 of the Property Tax Code in  
14 the redevelopment project area, shall be allocated to and  
15 when collected shall be paid to the municipal Treasurer,  
16 who shall deposit said taxes into a special fund called  
17 the special tax allocation fund of the municipality for  
18 the purpose of paying redevelopment project costs and  
19 obligations incurred in the payment thereof.

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

31 Whenever a municipality issues bonds for the purpose of  
32 financing redevelopment project costs, such municipality may  
33 provide by ordinance for the appointment of a trustee, which  
34 may be any trust company within the State, and for the

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

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

1 paid to the Department of Revenue must be deposited by the  
2 Department into the Illinois Tax Increment Fund.

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

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

27 (Source: P.A. 90-258, eff. 7-30-97; 91-190, eff. 7-20-99;  
28 91-478, eff. 11-1-99; revised 10-13-99.)

29 (65 ILCS 5/11-74.4-8a) (from Ch. 24, par. 11-74.4-8a)

30       Sec. 11-74.4-8a. (1) Until June 1, 1988, a municipality  
31 which has adopted tax increment allocation financing prior to  
32 January 1, 1987, may by ordinance (1) authorize the  
33 Department of Revenue, subject to appropriation, to annually

1 certify and cause to be paid from the Illinois Tax Increment  
2 Fund to such municipality for deposit in the municipality's  
3 special tax allocation fund an amount equal to the Net State  
4 Sales Tax Increment and (2) authorize the Department of  
5 Revenue to annually notify the municipality of the amount of  
6 the Municipal Sales Tax Increment which shall be deposited by  
7 the municipality in the municipality's special tax allocation  
8 fund. Provided that for purposes of this Section no  
9 amendments adding additional area to the redevelopment  
10 project area which has been certified as the State Sales Tax  
11 Boundary shall be taken into account if such amendments are  
12 adopted by the municipality after January 1, 1987. If an  
13 amendment is adopted which decreases the area of a State  
14 Sales Tax Boundary, the municipality shall update the list  
15 required by subsection (3)(a) of this Section. The Retailers'  
16 Occupation Tax liability, Use Tax liability, Service  
17 Occupation Tax liability and Service Use Tax liability for  
18 retailers and servicemen located within the disconnected area  
19 shall be excluded from the base from which tax increments are  
20 calculated and the revenue from any such retailer or  
21 serviceman shall not be included in calculating incremental  
22 revenue payable to the municipality. A municipality adopting  
23 an ordinance under this subsection (1) of this Section for a  
24 redevelopment project area which is certified as a State  
25 Sales Tax Boundary shall not be entitled to payments of State  
26 taxes authorized under subsection (2) of this Section for the  
27 same redevelopment project area. Nothing herein shall be  
28 construed to prevent a municipality from receiving payment of  
29 State taxes authorized under subsection (2) of this Section  
30 for a separate redevelopment project area that does not  
31 overlap in any way with the State Sales Tax Boundary  
32 receiving payments of State taxes pursuant to subsection (1)  
33 of this Section.

34 A certified copy of such ordinance shall be submitted by

1 the municipality to the Department of Commerce and Community  
2 Affairs and the Department of Revenue not later than 30 days  
3 after the effective date of the ordinance. Upon submission  
4 of the ordinances, and the information required pursuant to  
5 subsection 3 of this Section, the Department of Revenue shall  
6 promptly determine the amount of such taxes paid under the  
7 Retailers' Occupation Tax Act, Use Tax Act, Service Use Tax  
8 Act, the Service Occupation Tax Act, the Municipal Retailers'  
9 Occupation Tax Act and the Municipal Service Occupation Tax  
10 Act by retailers and servicemen on transactions at places  
11 located in the redevelopment project area during the base  
12 year, and shall certify all the foregoing "initial sales tax  
13 amounts" to the municipality within 60 days of submission of  
14 the list required of subsection (3)(a) of this Section.

15 If a retailer or serviceman with a place of business  
16 located within a redevelopment project area also has one or  
17 more other places of business within the municipality but  
18 outside the redevelopment project area, the retailer or  
19 serviceman shall, upon request of the Department of Revenue,  
20 certify to the Department of Revenue the amount of taxes paid  
21 pursuant to the Retailers' Occupation Tax Act, the Municipal  
22 Retailers' Occupation Tax Act, the Service Occupation Tax Act  
23 and the Municipal Service Occupation Tax Act at each place of  
24 business which is located within the redevelopment project  
25 area in the manner and for the periods of time requested by  
26 the Department of Revenue.

27 When the municipality determines that a portion of an  
28 increase in the aggregate amount of taxes paid by retailers  
29 and servicemen under the Retailers' Occupation Tax Act, Use  
30 Tax Act, Service Use Tax Act, or the Service Occupation Tax  
31 Act is the result of a retailer or serviceman initiating  
32 retail or service operations in the redevelopment project  
33 area by such retailer or serviceman with a resulting  
34 termination of retail or service operations by such retailer

1 or serviceman at another location in Illinois in the standard  
2 metropolitan statistical area of such municipality, the  
3 Department of Revenue shall be notified that the retailers  
4 occupation tax liability, use tax liability, service  
5 occupation tax liability, or service use tax liability from  
6 such retailer's or serviceman's terminated operation shall be  
7 included in the base Initial Sales Tax Amounts from which the  
8 State Sales Tax Increment is calculated for purposes of State  
9 payments to the affected municipality; provided, however, for  
10 purposes of this paragraph "termination" shall mean a closing  
11 of a retail or service operation which is directly related to  
12 the opening of the same retail or service operation in a  
13 redevelopment project area which is included within a State  
14 Sales Tax Boundary, but it shall not include retail or  
15 service operations closed for reasons beyond the control of  
16 the retailer or serviceman, as determined by the Department.

17 If the municipality makes the determination referred to  
18 in the prior paragraph and notifies the Department and if the  
19 relocation is from a location within the municipality, the  
20 Department, at the request of the municipality, shall adjust  
21 the certified aggregate amount of taxes that constitute the  
22 Municipal Sales Tax Increment paid by retailers and  
23 servicemen on transactions at places of business located  
24 within the State Sales Tax Boundary during the base year  
25 using the same procedures as are employed to make the  
26 adjustment referred to in the prior paragraph. The adjusted  
27 Municipal Sales Tax Increment calculated by the Department  
28 shall be sufficient to satisfy the requirements of subsection  
29 (1) of this Section.

30 When a municipality which has adopted tax increment  
31 allocation financing in 1986 determines that a portion of the  
32 aggregate amount of taxes paid by retailers and servicemen  
33 under the Retailers Occupation Tax Act, Use Tax Act, Service  
34 Use Tax Act, or Service Occupation Tax Act, the Municipal

1 Retailers' Occupation Tax Act and the Municipal Service  
2 Occupation Tax Act, includes revenue of a retailer or  
3 serviceman which terminated retailer or service operations in  
4 1986, prior to the adoption of tax increment allocation  
5 financing, the Department of Revenue shall be notified by  
6 such municipality that the retailers' occupation tax  
7 liability, use tax liability, service occupation tax  
8 liability or service use tax liability, from such retailer's  
9 or serviceman's terminated operations shall be excluded from  
10 the Initial Sales Tax Amounts for such taxes. The revenue  
11 from any such retailer or serviceman which is excluded from  
12 the base year under this paragraph, shall not be included in  
13 calculating incremental revenues if such retailer or  
14 serviceman reestablishes such business in the redevelopment  
15 project area.

16 For State fiscal year 1992, the Department of Revenue  
17 shall budget, and the Illinois General Assembly shall  
18 appropriate from the Illinois Tax Increment Fund in the State  
19 treasury, an amount not to exceed \$18,000,000 to pay to each  
20 eligible municipality the Net State Sales Tax Increment to  
21 which such municipality is entitled.

22 Beginning on January 1, 1993, each municipality's  
23 proportional share of the Illinois Tax Increment Fund shall  
24 be determined by adding the annual Net State Sales Tax  
25 Increment and the annual Net Utility Tax Increment to  
26 determine the Annual Total Increment. The ratio of the Annual  
27 Total Increment of each municipality to the Annual Total  
28 Increment for all municipalities, as most recently calculated  
29 by the Department, shall determine the proportional shares of  
30 the Illinois Tax Increment Fund to be distributed to each  
31 municipality.

32 Beginning in October, 1993, and each January, April, July  
33 and October thereafter, the Department of Revenue shall  
34 certify to the Treasurer and the Comptroller the amounts

1 payable quarter annually during the fiscal year to each  
2 municipality under this Section. The Comptroller shall  
3 promptly then draw warrants, ordering the State Treasurer to  
4 pay such amounts from the Illinois Tax Increment Fund in the  
5 State treasury.

6 The Department of Revenue shall utilize the same periods  
7 established for determining State Sales Tax Increment to  
8 determine the Municipal Sales Tax Increment for the area  
9 within a State Sales Tax Boundary and certify such amounts to  
10 such municipal treasurer who shall transfer such amounts to  
11 the special tax allocation fund.

12 The provisions of this subsection (1) do not apply to  
13 additional municipal retailers' occupation or service  
14 occupation taxes imposed by municipalities using their home  
15 rule powers or imposed pursuant to Sections 8-11-1.3,  
16 8-11-1.4 and 8-11-1.5 of this Act. A municipality shall not  
17 receive from the State any share of the Illinois Tax  
18 Increment Fund unless such municipality deposits all its  
19 Municipal Sales Tax Increment and the local incremental real  
20 property tax revenues, as provided herein, into the  
21 appropriate special tax allocation fund. If, however, a  
22 municipality has extended the estimated dates of completion  
23 of the redevelopment project and retirement of obligations to  
24 finance redevelopment project costs by municipal ordinance to  
25 December 31, 2013 under subsection (n) of Section 11-74.4-3,  
26 then that municipality shall continue to receive from the  
27 State a share of the Illinois Tax Increment Fund even if the  
28 municipality does not deposit any real property tax revenues  
29 into the special tax allocation fund during the extension  
30 period. A municipality located within an economic development  
31 project area created under the County Economic Development  
32 Project Area Property Tax Allocation Act which has abated any  
33 portion of its property taxes which otherwise would have been  
34 deposited in its special tax allocation fund shall not

1 receive from the State the Net Sales Tax Increment.

2 (2) A municipality which has adopted tax increment  
3 allocation financing with regard to an industrial park or  
4 industrial park conservation area, prior to January 1, 1988,  
5 may by ordinance authorize the Department of Revenue to  
6 annually certify and pay from the Illinois Tax Increment Fund  
7 to such municipality for deposit in the municipality's  
8 special tax allocation fund an amount equal to the Net State  
9 Utility Tax Increment. Provided that for purposes of this  
10 Section no amendments adding additional area to the  
11 redevelopment project area shall be taken into account if  
12 such amendments are adopted by the municipality after January  
13 1, 1988. Municipalities adopting an ordinance under this  
14 subsection (2) of this Section for a redevelopment project  
15 area shall not be entitled to payment of State taxes  
16 authorized under subsection (1) of this Section for the same  
17 redevelopment project area which is within a State Sales Tax  
18 Boundary. Nothing herein shall be construed to prevent a  
19 municipality from receiving payment of State taxes authorized  
20 under subsection (1) of this Section for a separate  
21 redevelopment project area within a State Sales Tax Boundary  
22 that does not overlap in any way with the redevelopment  
23 project area receiving payments of State taxes pursuant to  
24 subsection (2) of this Section.

25 A certified copy of such ordinance shall be submitted to  
26 the Department of Commerce and Community Affairs and the  
27 Department of Revenue not later than 30 days after the  
28 effective date of the ordinance.

29 When a municipality determines that a portion of an  
30 increase in the aggregate amount of taxes paid by industrial  
31 or commercial facilities under the Public Utilities Act, is  
32 the result of an industrial or commercial facility initiating  
33 operations in the redevelopment project area with a resulting  
34 termination of such operations by such industrial or

1 commercial facility at another location in Illinois, the  
2 Department of Revenue shall be notified by such municipality  
3 that such industrial or commercial facility's liability under  
4 the Public Utility Tax Act shall be included in the base from  
5 which tax increments are calculated for purposes of State  
6 payments to the affected municipality.

7 After receipt of the calculations by the public utility  
8 as required by subsection (4) of this Section, the Department  
9 of Revenue shall annually budget and the Illinois General  
10 Assembly shall annually appropriate from the General Revenue  
11 Fund through State Fiscal Year 1989, and thereafter from the  
12 Illinois Tax Increment Fund, an amount sufficient to pay to  
13 each eligible municipality the amount of incremental revenue  
14 attributable to State electric and gas taxes as reflected by  
15 the charges imposed on persons in the project area to which  
16 such municipality is entitled by comparing the preceding  
17 calendar year with the base year as determined by this  
18 Section. Beginning on January 1, 1993, each municipality's  
19 proportional share of the Illinois Tax Increment Fund shall  
20 be determined by adding the annual Net State Utility Tax  
21 Increment and the annual Net Utility Tax Increment to  
22 determine the Annual Total Increment. The ratio of the Annual  
23 Total Increment of each municipality to the Annual Total  
24 Increment for all municipalities, as most recently calculated  
25 by the Department, shall determine the proportional shares of  
26 the Illinois Tax Increment Fund to be distributed to each  
27 municipality.

28 A municipality shall not receive any share of the  
29 Illinois Tax Increment Fund from the State unless such  
30 municipality imposes the maximum municipal charges authorized  
31 pursuant to Section 9-221 of the Public Utilities Act and  
32 deposits all municipal utility tax incremental revenues as  
33 certified by the public utilities, and all local real estate  
34 tax increments into such municipality's special tax

1 allocation fund.

2 (3) Within 30 days after the adoption of the ordinance  
3 required by either subsection (1) or subsection (2) of this  
4 Section, the municipality shall transmit to the Department of  
5 Commerce and Community Affairs and the Department of Revenue  
6 the following:

7 (a) if applicable, a certified copy of the  
8 ordinance required by subsection (1) accompanied by a  
9 complete list of street names and the range of street  
10 numbers of each street located within the redevelopment  
11 project area for which payments are to be made under this  
12 Section in both the base year and in the year preceding  
13 the payment year; and the addresses of persons registered  
14 with the Department of Revenue; and, the name under which  
15 each such retailer or serviceman conducts business at  
16 that address, if different from the corporate name; and  
17 the Illinois Business Tax Number of each such person (The  
18 municipality shall update this list in the event of a  
19 revision of the redevelopment project area, or the  
20 opening or closing or name change of any street or part  
21 thereof in the redevelopment project area, or if the  
22 Department of Revenue informs the municipality of an  
23 addition or deletion pursuant to the monthly updates  
24 given by the Department.);

25 (b) if applicable, a certified copy of the  
26 ordinance required by subsection (2) accompanied by a  
27 complete list of street names and range of street numbers  
28 of each street located within the redevelopment project  
29 area, the utility customers in the project area, and the  
30 utilities serving the redevelopment project areas;

31 (c) certified copies of the ordinances approving  
32 the redevelopment plan and designating the redevelopment  
33 project area;

34 (d) a copy of the redevelopment plan as approved by

1 the municipality;

2 (e) an opinion of legal counsel that the  
3 municipality had complied with the requirements of this  
4 Act; and

5 (f) a certification by the chief executive officer  
6 of the municipality that with regard to a redevelopment  
7 project area: (1) the municipality has committed all of  
8 the municipal tax increment created pursuant to this Act  
9 for deposit in the special tax allocation fund, (2) the  
10 redevelopment projects described in the redevelopment  
11 plan would not be completed without the use of State  
12 incremental revenues pursuant to this Act, (3) the  
13 municipality will pursue the implementation of the  
14 redevelopment plan in an expeditious manner, (4) the  
15 incremental revenues created pursuant to this Section  
16 will be exclusively utilized for the development of the  
17 redevelopment project area, and (5) the increased revenue  
18 created pursuant to this Section shall be used  
19 exclusively to pay redevelopment project costs as defined  
20 in this Act.

21 (4) The Department of Revenue upon receipt of the  
22 information set forth in paragraph (b) of subsection (3)  
23 shall immediately forward such information to each public  
24 utility furnishing natural gas or electricity to buildings  
25 within the redevelopment project area. Upon receipt of such  
26 information, each public utility shall promptly:

27 (a) provide to the Department of Revenue and the  
28 municipality separate lists of the names and addresses of  
29 persons within the redevelopment project area receiving  
30 natural gas or electricity from such public utility.  
31 Such list shall be updated as necessary by the public  
32 utility. Each month thereafter the public utility shall  
33 furnish the Department of Revenue and the municipality  
34 with an itemized listing of charges imposed pursuant to

1 Sections 9-221 and 9-222 of the Public Utilities Act on  
2 persons within the redevelopment project area.

3 (b) determine the amount of charges imposed  
4 pursuant to Sections 9-221 and 9-222 of the Public  
5 Utilities Act on persons in the redevelopment project  
6 area during the base year, both as a result of municipal  
7 taxes on electricity and gas and as a result of State  
8 taxes on electricity and gas and certify such amounts  
9 both to the municipality and the Department of Revenue;  
10 and

11 (c) determine the amount of charges imposed  
12 pursuant to Sections 9-221 and 9-222 of the Public  
13 Utilities Act on persons in the redevelopment project  
14 area on a monthly basis during the base year, both as a  
15 result of State and municipal taxes on electricity and  
16 gas and certify such separate amounts both to the  
17 municipality and the Department of Revenue.

18 After the determinations are made in paragraphs (b) and  
19 (c), the public utility shall monthly during the existence of  
20 the redevelopment project area notify the Department of  
21 Revenue and the municipality of any increase in charges over  
22 the base year determinations made pursuant to paragraphs (b)  
23 and (c).

24 (5) The payments authorized under this Section shall be  
25 deposited by the municipal treasurer in the special tax  
26 allocation fund of the municipality, which for accounting  
27 purposes shall identify the sources of each payment as:  
28 municipal receipts from the State retailers occupation,  
29 service occupation, use and service use taxes; and municipal  
30 public utility taxes charged to customers under the Public  
31 Utilities Act and State public utility taxes charged to  
32 customers under the Public Utilities Act.

33 (6) Before the effective date of this amendatory Act of  
34 the 91st General Assembly, any municipality receiving

1 payments authorized under this Section for any redevelopment  
2 project area or area within a State Sales Tax Boundary within  
3 the municipality shall submit to the Department of Revenue  
4 and to the taxing districts which are sent the notice  
5 required by Section 6 of this Act annually within 180 days  
6 after the close of each municipal fiscal year the following  
7 information for the immediately preceding fiscal year:

8 (a) Any amendments to the redevelopment plan, the  
9 redevelopment project area, or the State Sales Tax  
10 Boundary.

11 (b) Audited financial statements of the special tax  
12 allocation fund.

13 (c) Certification of the Chief Executive Officer of  
14 the municipality that the municipality has complied with  
15 all of the requirements of this Act during the preceding  
16 fiscal year.

17 (d) An opinion of legal counsel that the  
18 municipality is in compliance with this Act.

19 (e) An analysis of the special tax allocation fund  
20 which sets forth:

21 (1) the balance in the special tax allocation  
22 fund at the beginning of the fiscal year;

23 (2) all amounts deposited in the special tax  
24 allocation fund by source;

25 (3) all expenditures from the special tax  
26 allocation fund by category of permissible  
27 redevelopment project cost; and

28 (4) the balance in the special tax allocation  
29 fund at the end of the fiscal year including a  
30 breakdown of that balance by source. Such ending  
31 balance shall be designated as surplus if it is not  
32 required for anticipated redevelopment project costs  
33 or to pay debt service on bonds issued to finance  
34 redevelopment project costs, as set forth in Section

1 11-74.4-7 hereof.

2 (f) A description of all property purchased by the  
3 municipality within the redevelopment project area  
4 including:

- 5 1. Street address
- 6 2. Approximate size or description of property
- 7 3. Purchase price
- 8 4. Seller of property.

9 (g) A statement setting forth all activities  
10 undertaken in furtherance of the objectives of the  
11 redevelopment plan, including:

- 12 1. Any project implemented in the preceding  
13 fiscal year
- 14 2. A description of the redevelopment  
15 activities undertaken
- 16 3. A description of any agreements entered  
17 into by the municipality with regard to the  
18 disposition or redevelopment of any property within  
19 the redevelopment project area or the area within  
20 the State Sales Tax Boundary.

21 (h) With regard to any obligations issued by the  
22 municipality:

- 23 1. copies of bond ordinances or resolutions
- 24 2. copies of any official statements
- 25 3. an analysis prepared by financial advisor  
26 or underwriter setting forth: (a) nature and term of  
27 obligation; and (b) projected debt service including  
28 required reserves and debt coverage.

29 (i) A certified audit report reviewing compliance  
30 with this statute performed by an independent public  
31 accountant certified and licensed by the authority of the  
32 State of Illinois. The financial portion of the audit  
33 must be conducted in accordance with Standards for Audits  
34 of Governmental Organizations, Programs, Activities, and

1 Functions adopted by the Comptroller General of the  
2 United States (1981), as amended. The audit report shall  
3 contain a letter from the independent certified public  
4 accountant indicating compliance or noncompliance with  
5 the requirements of subsection (q) of Section 11-74.4-3.  
6 If the audit indicates that expenditures are not in  
7 compliance with the law, the Department of Revenue shall  
8 withhold State sales and utility tax increment payments  
9 to the municipality until compliance has been reached,  
10 and an amount equal to the ineligible expenditures has  
11 been returned to the Special Tax Allocation Fund.

12 (6.1) After July 29, 1988 and before the effective date  
13 of this amendatory Act of the 91st General Assembly, any  
14 funds which have not been designated for use in a specific  
15 development project in the annual report shall be designated  
16 as surplus. No funds may be held in the Special Tax  
17 Allocation Fund for more than 36 months from the date of  
18 receipt unless the money is required for payment of  
19 contractual obligations for specific development project  
20 costs. If held for more than 36 months in violation of the  
21 preceding sentence, such funds shall be designated as  
22 surplus. Any funds designated as surplus must first be used  
23 for early redemption of any bond obligations. Any funds  
24 designated as surplus which are not disposed of as otherwise  
25 provided in this paragraph, shall be distributed as surplus  
26 as provided in Section 11-74.4-7.

27 (7) Any appropriation made pursuant to this Section for  
28 the 1987 State fiscal year shall not exceed the amount of \$7  
29 million and for the 1988 State fiscal year the amount of \$10  
30 million. The amount which shall be distributed to each  
31 municipality shall be the incremental revenue to which each  
32 municipality is entitled as calculated by the Department of  
33 Revenue, unless the requests of the municipality exceed the  
34 appropriation, then the amount to which each municipality

1 shall be entitled shall be prorated among the municipalities  
2 in the same proportion as the increment to which the  
3 municipality would be entitled bears to the total increment  
4 which all municipalities would receive in the absence of this  
5 limitation, provided that no municipality may receive an  
6 amount in excess of 15% of the appropriation. For the 1987  
7 Net State Sales Tax Increment payable in Fiscal Year 1989, no  
8 municipality shall receive more than 7.5% of the total  
9 appropriation; provided, however, that any of the  
10 appropriation remaining after such distribution shall be  
11 prorated among municipalities on the basis of their pro rata  
12 share of the total increment. Beginning on January 1, 1993,  
13 each municipality's proportional share of the Illinois Tax  
14 Increment Fund shall be determined by adding the annual Net  
15 State Sales Tax Increment and the annual Net Utility Tax  
16 Increment to determine the Annual Total Increment. The ratio  
17 of the Annual Total Increment of each municipality to the  
18 Annual Total Increment for all municipalities, as most  
19 recently calculated by the Department, shall determine the  
20 proportional shares of the Illinois Tax Increment Fund to be  
21 distributed to each municipality.

22 (7.1) No distribution of Net State Sales Tax Increment  
23 to a municipality for an area within a State Sales Tax  
24 Boundary shall exceed in any State Fiscal Year an amount  
25 equal to 3 times the sum of the Municipal Sales Tax  
26 Increment, the real property tax increment and deposits of  
27 funds from other sources, excluding state and federal funds,  
28 as certified by the city treasurer to the Department of  
29 Revenue for an area within a State Sales Tax Boundary. After  
30 July 29, 1988, for those municipalities which issue bonds  
31 between June 1, 1988 and 3 years from July 29, 1988 to  
32 finance redevelopment projects within the area in a State  
33 Sales Tax Boundary, the distribution of Net State Sales Tax  
34 Increment during the 16th through 20th years from the date of

1 issuance of the bonds shall not exceed in any State Fiscal  
2 Year an amount equal to 2 times the sum of the Municipal  
3 Sales Tax Increment, the real property tax increment and  
4 deposits of funds from other sources, excluding State and  
5 federal funds.

6 (8) Any person who knowingly files or causes to be filed  
7 false information for the purpose of increasing the amount of  
8 any State tax incremental revenue commits a Class A  
9 misdemeanor.

10 (9) The following procedures shall be followed to  
11 determine whether municipalities have complied with the Act  
12 for the purpose of receiving distributions after July 1, 1989  
13 pursuant to subsection (1) of this Section 11-74.4-8a.

14 (a) The Department of Revenue shall conduct a  
15 preliminary review of the redevelopment project areas and  
16 redevelopment plans pertaining to those municipalities  
17 receiving payments from the State pursuant to subsection  
18 (1) of Section 8a of this Act for the purpose of  
19 determining compliance with the following standards:

20 (1) For any municipality with a population of  
21 more than 12,000 as determined by the 1980 U.S.  
22 Census: (a) the redevelopment project area, or in  
23 the case of a municipality which has more than one  
24 redevelopment project area, each such area, must be  
25 contiguous and the total of all such areas shall not  
26 comprise more than 25% of the area within the  
27 municipal boundaries nor more than 20% of the  
28 equalized assessed value of the municipality; (b)  
29 the aggregate amount of 1985 taxes in the  
30 redevelopment project area, or in the case of a  
31 municipality which has more than one redevelopment  
32 project area, the total of all such areas, shall be  
33 not more than 25% of the total base year taxes paid  
34 by retailers and servicemen on transactions at

1 places of business located within the municipality  
2 under the Retailers' Occupation Tax Act, the Use Tax  
3 Act, the Service Use Tax Act, and the Service  
4 Occupation Tax Act. Redevelopment project areas  
5 created prior to 1986 are not subject to the above  
6 standards if their boundaries were not amended in  
7 1986.

8 (2) For any municipality with a population of  
9 12,000 or less as determined by the 1980 U.S.  
10 Census: (a) the redevelopment project area, or in  
11 the case of a municipality which has more than one  
12 redevelopment project area, each such area, must be  
13 contiguous and the total of all such areas shall not  
14 comprise more than 35% of the area within the  
15 municipal boundaries nor more than 30% of the  
16 equalized assessed value of the municipality; (b)  
17 the aggregate amount of 1985 taxes in the  
18 redevelopment project area, or in the case of a  
19 municipality which has more than one redevelopment  
20 project area, the total of all such areas, shall not  
21 be more than 35% of the total base year taxes paid  
22 by retailers and servicemen on transactions at  
23 places of business located within the municipality  
24 under the Retailers' Occupation Tax Act, the Use Tax  
25 Act, the Service Use Tax Act, and the Service  
26 Occupation Tax Act. Redevelopment project areas  
27 created prior to 1986 are not subject to the above  
28 standards if their boundaries were not amended in  
29 1986.

30 (3) Such preliminary review of the  
31 redevelopment project areas applying the above  
32 standards shall be completed by November 1, 1988,  
33 and on or before November 1, 1988, the Department  
34 shall notify each municipality by certified mail,

1 return receipt requested that either (1) the  
2 Department requires additional time in which to  
3 complete its preliminary review; or (2) the  
4 Department is issuing either (a) a Certificate of  
5 Eligibility or (b) a Notice of Review. If the  
6 Department notifies a municipality that it requires  
7 additional time to complete its preliminary  
8 investigation, it shall complete its preliminary  
9 investigation no later than February 1, 1989, and by  
10 February 1, 1989 shall issue to each municipality  
11 either (a) a Certificate of Eligibility or (b) a  
12 Notice of Review. A redevelopment project area for  
13 which a Certificate of Eligibility has been issued  
14 shall be deemed a "State Sales Tax Boundary."

15 (4) The Department of Revenue shall also issue  
16 a Notice of Review if the Department has received a  
17 request by November 1, 1988 to conduct such a review  
18 from taxpayers in the municipality, local taxing  
19 districts located in the municipality or the State  
20 of Illinois, or if the redevelopment project area  
21 has more than 5 retailers and has had growth in  
22 State sales tax revenue of more than 15% from  
23 calendar year 1985 to 1986.

24 (b) For those municipalities receiving a Notice of  
25 Review, the Department will conduct a secondary review  
26 consisting of: (i) application of the above standards  
27 contained in subsection (9)(a)(1)(a) and (b) or  
28 (9)(a)(2)(a) and (b), and (ii) the definitions of  
29 blighted and conservation area provided for in Section  
30 11-74.4-3. Such secondary review shall be completed by  
31 July 1, 1989.

32 Upon completion of the secondary review, the  
33 Department will issue (a) a Certificate of Eligibility or  
34 (b) a Preliminary Notice of Deficiency. Any municipality

1 receiving a Preliminary Notice of Deficiency may amend  
2 its redevelopment project area to meet the standards and  
3 definitions set forth in this paragraph (b). This amended  
4 redevelopment project area shall become the "State Sales  
5 Tax Boundary" for purposes of determining the State Sales  
6 Tax Increment.

7 (c) If the municipality advises the Department of  
8 its intent to comply with the requirements of paragraph  
9 (b) of this subsection outlined in the Preliminary Notice  
10 of Deficiency, within 120 days of receiving such notice  
11 from the Department, the municipality shall submit  
12 documentation to the Department of the actions it has  
13 taken to cure any deficiencies. Thereafter, within 30  
14 days of the receipt of the documentation, the Department  
15 shall either issue a Certificate of Eligibility or a  
16 Final Notice of Deficiency. If the municipality fails to  
17 advise the Department of its intent to comply or fails to  
18 submit adequate documentation of such cure of  
19 deficiencies the Department shall issue a Final Notice of  
20 Deficiency that provides that the municipality is  
21 ineligible for payment of the Net State Sales Tax  
22 Increment.

23 (d) If the Department issues a final determination  
24 of ineligibility, the municipality shall have 30 days  
25 from the receipt of determination to protest and request  
26 a hearing. Such hearing shall be conducted in accordance  
27 with Sections 10-25, 10-35, 10-40, and 10-50 of the  
28 Illinois Administrative Procedure Act. The decision  
29 following the hearing shall be subject to review under  
30 the Administrative Review Law.

31 (e) Any Certificate of Eligibility issued pursuant  
32 to this subsection 9 shall be binding only on the State  
33 for the purposes of establishing municipal eligibility to  
34 receive revenue pursuant to subsection (1) of this

1 Section 11-74.4-8a.

2 (f) It is the intent of this subsection that the  
3 periods of time to cure deficiencies shall be in addition  
4 to all other periods of time permitted by this Section,  
5 regardless of the date by which plans were originally  
6 required to be adopted. To cure said deficiencies,  
7 however, the municipality shall be required to follow the  
8 procedures and requirements pertaining to amendments, as  
9 provided in Sections 11-74.4-5 and 11-74.4-6 of this Act.

10 (10) If a municipality adopts a State Sales Tax Boundary  
11 in accordance with the provisions of subsection (9) of this  
12 Section, such boundaries shall subsequently be utilized to  
13 determine Revised Initial Sales Tax Amounts and the Net State  
14 Sales Tax Increment; provided, however, that such revised  
15 State Sales Tax Boundary shall not have any effect upon the  
16 boundary of the redevelopment project area established for  
17 the purposes of determining the ad valorem taxes on real  
18 property pursuant to Sections 11-74.4-7 and 11-74.4-8 of this  
19 Act nor upon the municipality's authority to implement the  
20 redevelopment plan for that redevelopment project area. For  
21 any redevelopment project area with a smaller State Sales Tax  
22 Boundary within its area, the municipality may annually elect  
23 to deposit the Municipal Sales Tax Increment for the  
24 redevelopment project area in the special tax allocation fund  
25 and shall certify the amount to the Department prior to  
26 receipt of the Net State Sales Tax Increment. Any  
27 municipality required by subsection (9) to establish a State  
28 Sales Tax Boundary for one or more of its redevelopment  
29 project areas shall submit all necessary information required  
30 by the Department concerning such boundary and the retailers  
31 therein, by October 1, 1989, after complying with the  
32 procedures for amendment set forth in Sections 11-74.4-5 and  
33 11-74.4-6 of this Act. Net State Sales Tax Increment  
34 produced within the State Sales Tax Boundary shall be spent

1 only within that area. However expenditures of all municipal  
2 property tax increment and municipal sales tax increment in a  
3 redevelopment project area are not required to be spent  
4 within the smaller State Sales Tax Boundary within such  
5 redevelopment project area.

6 (11) The Department of Revenue shall have the authority  
7 to issue rules and regulations for purposes of this Section.  
8 and regulations for purposes of this Section.

9 (12) If, under Section 5.4.1 of the Illinois Enterprise  
10 Zone Act, a municipality determines that property that lies  
11 within a State Sales Tax Boundary has an improvement,  
12 rehabilitation, or renovation that is entitled to a property  
13 tax abatement, then that property along with any  
14 improvements, rehabilitation, or renovations shall be  
15 immediately removed from any State Sales Tax Boundary. The  
16 municipality that made the determination shall notify the  
17 Department of Revenue within 30 days after the determination.  
18 Once a property is removed from the State Sales Tax Boundary  
19 because of the existence of a property tax abatement  
20 resulting from an enterprise zone, then that property shall  
21 not be permitted to be amended into a State Sales Tax  
22 Boundary.

23 (Source: P.A. 90-258, eff. 7-30-97; 91-51, eff. 6-30-99;  
24 91-478, eff. 11-1-99.)

25 Section 99. Effective date. This Act takes effect upon  
26 becoming law.