

1 AN ACT concerning tax increment financing.

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 and 11-74.4-7 as follows:

6 (65 ILCS 5/11-74.4-3) (from Ch. 24, par. 11-74.4-3)
7 Sec. 11-74.4-3. Definitions. The following terms,
8 wherever used or referred to in this Division 74.4 shall have
9 the following respective meanings, unless in any case a
10 different meaning clearly appears from the context.

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

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

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

30 (A) Dilapidation. An advanced state of
31 disrepair or neglect of necessary repairs to the

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

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

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

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

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

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

1 vacancies.

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

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

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

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

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

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

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

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

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

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

33 (A) Obsolete platting of vacant land that
34 results in parcels of limited or narrow size or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 unemployment rate statistics for the municipality are not
2 available, the unemployment rate in the municipality shall be
3 deemed to be the same as the unemployment rate in the
4 principal county in which the municipality is located.

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

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

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

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

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

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

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

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

15 Municipalities that issued bonds in connection with a
16 redevelopment project in a redevelopment project area within
17 the State Sales Tax Boundary prior to July 29, 1991, or that
18 entered into contracts in connection with a redevelopment
19 project in a redevelopment project area before June 1, 1988,
20 shall continue to receive their proportional share of the
21 Illinois Tax Increment Fund distribution until the date on
22 which the redevelopment project is completed or terminated,
23 or the date on which the bonds are retired or the contracts
24 are completed, whichever date occurs first. Refunding of any
25 bonds issued prior to July 29, 1991, shall not alter the Net
26 State Sales Tax Increment.

27 (j) "State Utility Tax Increment Amount" means an amount
28 equal to the aggregate increase in State electric and gas tax
29 charges imposed on owners and tenants, other than residential
30 customers, of properties located within the redevelopment
31 project area under Section 9-222 of the Public Utilities Act,
32 over and above the aggregate of such charges as certified by
33 the Department of Revenue and paid by owners and tenants,
34 other than residential customers, of properties within the

1 redevelopment project area during the base year, which shall
2 be the calendar year immediately prior to the year of the
3 adoption of the ordinance authorizing tax increment
4 allocation financing.

5 (k) "Net State Utility Tax Increment" means the sum of
6 the following: (a) 80% of the first \$100,000 of State Utility
7 Tax Increment annually generated by a redevelopment project
8 area; (b) 60% of the amount in excess of \$100,000 but not
9 exceeding \$500,000 of the State Utility Tax Increment
10 annually generated by a redevelopment project area; and (c)
11 40% of all amounts in excess of \$500,000 of State Utility Tax
12 Increment annually generated by a redevelopment project area.
13 For the State Fiscal Year 1999, and every year thereafter
14 until the year 2007, for any municipality that has not
15 entered into a contract or has not issued bonds prior to June
16 1, 1988 to finance redevelopment project costs within a
17 redevelopment project area, the Net State Utility Tax
18 Increment shall be calculated as follows: By multiplying the
19 Net State Utility Tax Increment by 90% in the State Fiscal
20 Year 1999; 80% in the State Fiscal Year 2000; 70% in the
21 State Fiscal Year 2001; 60% in the State Fiscal Year 2002;
22 50% in the State Fiscal Year 2003; 40% in the State Fiscal
23 Year 2004; 30% in the State Fiscal Year 2005; 20% in the
24 State Fiscal Year 2006; and 10% in the State Fiscal Year
25 2007. No payment shall be made for the State Fiscal Year 2008
26 and thereafter.

27 Municipalities that issue bonds in connection with the
28 redevelopment project during the period from June 1, 1988
29 until 3 years after the effective date of this Amendatory Act
30 of 1988 shall receive the Net State Utility Tax Increment,
31 subject to appropriation, for 15 State Fiscal Years after the
32 issuance of such bonds. For the 16th through the 20th State
33 Fiscal Years after issuance of the bonds, the Net State
34 Utility Tax Increment shall be calculated as follows: By

1 multiplying the Net State Utility Tax Increment by 90% in
2 year 16; 80% in year 17; 70% in year 18; 60% in year 19; and
3 50% in year 20. Refunding of any bonds issued prior to June
4 1, 1988, shall not alter the revised Net State Utility Tax
5 Increment payments set forth above.

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

10 (m) "Payment in lieu of taxes" means those estimated tax
11 revenues from real property in a redevelopment project area
12 derived from real property that has been acquired by a
13 municipality which according to the redevelopment project or
14 plan is to be used for a private use which taxing districts
15 would have received had a municipality not acquired the real
16 property and adopted tax increment allocation financing and
17 which would result from levies made after the time of the
18 adoption of tax increment allocation financing to the time
19 the current equalized value of real property in the
20 redevelopment project area exceeds the total initial
21 equalized value of real property in said area.

22 (n) "Redevelopment plan" means the comprehensive program
23 of the municipality for development or redevelopment intended
24 by the payment of redevelopment project costs to reduce or
25 eliminate those conditions the existence of which qualified
26 the redevelopment project area as a "blighted area" or
27 "conservation area" or combination thereof or "industrial
28 park conservation area," and thereby to enhance the tax bases
29 of the taxing districts which extend into the redevelopment
30 project area. On and after November 1, 1999 (the effective
31 date of Public Act 91-478), no redevelopment plan may be
32 approved or amended that includes the development of vacant
33 land (i) with a golf course and related clubhouse and other
34 facilities or (ii) designated by federal, State, county, or

1 municipal government as public land for outdoor recreational
2 activities or for nature preserves and used for that purpose
3 within 5 years prior to the adoption of the redevelopment
4 plan. For the purpose of this subsection, "recreational
5 activities" is limited to mean camping and hunting. Each
6 redevelopment plan shall set forth in writing the program to
7 be undertaken to accomplish the objectives and shall include
8 but not be limited to:

9 (A) an itemized list of estimated redevelopment
10 project costs;

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

14 (C) an assessment of any financial impact of the
15 redevelopment project area on or any increased demand for
16 services from any taxing district affected by the plan
17 and any program to address such financial impact or
18 increased demand;

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

20 (E) the nature and term of the obligations to be
21 issued;

22 (F) the most recent equalized assessed valuation of
23 the redevelopment project area;

24 (G) an estimate as to the equalized assessed
25 valuation after redevelopment and the general land uses
26 to apply in the redevelopment project area;

27 (H) a commitment to fair employment practices and
28 an affirmative action plan;

29 (I) if it concerns an industrial park conservation
30 area, the plan shall also include a general description
31 of any proposed developer, user and tenant of any
32 property, a description of the type, structure and
33 general character of the facilities to be developed, a
34 description of the type, class and number of new

1 employees to be employed in the operation of the
2 facilities to be developed; and

3 (J) if property is to be annexed to the
4 municipality, the plan shall include the terms of the
5 annexation agreement.

6 The provisions of items (B) and (C) of this subsection
7 (n) shall not apply to a municipality that before March 14,
8 1994 (the effective date of Public Act 88-537) had fixed,
9 either by its corporate authorities or by a commission
10 designated under subsection (k) of Section 11-74.4-4, a time
11 and place for a public hearing as required by subsection (a)
12 of Section 11-74.4-5. No redevelopment plan shall be adopted
13 unless a municipality complies with all of the following
14 requirements:

15 (1) The municipality finds that the redevelopment
16 project area on the whole has not been subject to growth
17 and development through investment by private enterprise
18 and would not reasonably be anticipated to be developed
19 without the adoption of the redevelopment plan.

20 (2) The municipality finds that the redevelopment
21 plan and project conform to the comprehensive plan for
22 the development of the municipality as a whole, or, for
23 municipalities with a population of 100,000 or more,
24 regardless of when the redevelopment plan and project was
25 adopted, the redevelopment plan and project either: (i)
26 conforms to the strategic economic development or
27 redevelopment plan issued by the designated planning
28 authority of the municipality, or (ii) includes land uses
29 that have been approved by the planning commission of the
30 municipality.

31 (3) The redevelopment plan establishes the
32 estimated dates of completion of the redevelopment
33 project and retirement of obligations issued to finance
34 redevelopment project costs. Those dates shall not be

1 later than December 31 of the year in which the payment
2 to the municipal treasurer as provided in subsection (b)
3 of Section 11-74.4-8 of this Act is to be made with
4 respect to ad valorem taxes levied in the twenty-third
5 calendar year after the year in which the ordinance
6 approving the redevelopment project area is adopted if
7 the ordinance was adopted on or after January 15, 1981,
8 and not later than December 31 of the year in which the
9 payment to the municipal treasurer as provided in
10 subsection (b) of Section 11-74.4-8 of this Act is to be
11 made with respect to ad valorem taxes levied in the
12 thirty-fifth calendar year after the year in which the
13 ordinance approving the redevelopment project area is
14 adopted:

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

17 (B) if the ordinance was adopted in December
18 1983, April 1984, July 1985, or December 1989, or

19 (C) if the ordinance was adopted in December
20 1987 and the redevelopment project is located within
21 one mile of Midway Airport, or

22 (D) if the ordinance was adopted before
23 January 1, 1987 by a municipality in Mason County,
24 or

25 (E) if the municipality is subject to the
26 Local Government Financial Planning and Supervision
27 Act, or

28 (F) if the ordinance was adopted in December
29 1984 by the Village of Rosemont, or

30 (G) if the ordinance was adopted on December
31 31, 1986 by a municipality located in Clinton County
32 for which at least \$250,000 of tax increment bonds
33 were authorized on June 17, 1997, or if the
34 ordinance was adopted on December 31, 1986 by a

1 municipality with a population in 1990 of less than
2 3,600 that is located in a county with a population
3 in 1990 of less than 34,000 and for which at least
4 \$250,000 of tax increment bonds were authorized on
5 June 17, 1997, or

6 (H) if the ordinance was adopted on October 5,
7 1982 by the City of Kankakee, or if the ordinance
8 was adopted on December 29, 1986 by East St. Louis,
9 or

10 (I) if the ordinance was adopted on November
11 12, 1991 by the Village of Sauget, or

12 (J) if the ordinance was adopted on February
13 11, 1985 by the City of Rock Island, or

14 (K) if the ordinance was adopted before
15 December 18, 1986 by the City of Moline, or -

16 (L) if the ordinance was adopted on December
17 29, 1986 by the City of Galva.

18 However, for redevelopment project areas for which
19 bonds were issued before July 29, 1991, or for which
20 contracts were entered into before June 1, 1988, in
21 connection with a redevelopment project in the area
22 within the State Sales Tax Boundary, the estimated dates
23 of completion of the redevelopment project and retirement
24 of obligations to finance redevelopment project costs may
25 be extended by municipal ordinance to December 31, 2013.
26 The extension allowed by this amendatory Act of 1993
27 shall not apply to real property tax increment allocation
28 financing under Section 11-74.4-8.

29 A municipality may by municipal ordinance amend an
30 existing redevelopment plan to conform to this paragraph
31 (3) as amended by Public Act 91-478, which municipal
32 ordinance may be adopted without further hearing or
33 notice and without complying with the procedures provided
34 in this Act pertaining to an amendment to or the initial

1 approval of a redevelopment plan and project and
2 designation of a redevelopment project area.

3 Those dates, for purposes of real property tax
4 increment allocation financing pursuant to Section
5 11-74.4-8 only, shall be not more than 35 years for
6 redevelopment project areas that were adopted on or after
7 December 16, 1986 and for which at least \$8 million worth
8 of municipal bonds were authorized on or after December
9 19, 1989 but before January 1, 1990; provided that the
10 municipality elects to extend the life of the
11 redevelopment project area to 35 years by the adoption of
12 an ordinance after at least 14 but not more than 30 days'
13 written notice to the taxing bodies, that would otherwise
14 constitute the joint review board for the redevelopment
15 project area, before the adoption of the ordinance.

16 Those dates, for purposes of real property tax
17 increment allocation financing pursuant to Section
18 11-74.4-8 only, shall be not more than 35 years for
19 redevelopment project areas that were established on or
20 after December 1, 1981 but before January 1, 1982 and for
21 which at least \$1,500,000 worth of tax increment revenue
22 bonds were authorized on or after September 30, 1990 but
23 before July 1, 1991; provided that the municipality
24 elects to extend the life of the redevelopment project
25 area to 35 years by the adoption of an ordinance after at
26 least 14 but not more than 30 days' written notice to the
27 taxing bodies, that would otherwise constitute the joint
28 review board for the redevelopment project area, before
29 the adoption of the ordinance.

30 (3.5) The municipality finds, in the case of an
31 industrial park conservation area, also that the
32 municipality is a labor surplus municipality and that the
33 implementation of the redevelopment plan will reduce
34 unemployment, create new jobs and by the provision of new

1 facilities enhance the tax base of the taxing districts
2 that extend into the redevelopment project area.

3 (4) If any incremental revenues are being utilized
4 under Section 8(a)(1) or 8(a)(2) of this Act in
5 redevelopment project areas approved by ordinance after
6 January 1, 1986, the municipality finds: (a) that the
7 redevelopment project area would not reasonably be
8 developed without the use of such incremental revenues,
9 and (b) that such incremental revenues will be
10 exclusively utilized for the development of the
11 redevelopment project area.

12 (5) On and after November 1, 1999, if the
13 redevelopment plan will not result in displacement of
14 residents from inhabited units, and the municipality
15 certifies in the plan that displacement will not result
16 from the plan, a housing impact study need not be
17 performed. If, however, the redevelopment plan would
18 result in the displacement of residents from 10 or more
19 inhabited residential units, or if the redevelopment
20 project area contains 75 or more inhabited residential
21 units and no certification is made, then the municipality
22 shall prepare, as part of the separate feasibility report
23 required by subsection (a) of Section 11-74.4-5, a
24 housing impact study.

25 Part I of the housing impact study shall include (i)
26 data as to whether the residential units are single
27 family or multi-family units, (ii) the number and type of
28 rooms within the units, if that information is available,
29 (iii) whether the units are inhabited or uninhabited, as
30 determined not less than 45 days before the date that the
31 ordinance or resolution required by subsection (a) of
32 Section 11-74.4-5 is passed, and (iv) data as to the
33 racial and ethnic composition of the residents in the
34 inhabited residential units. The data requirement as to

1 the racial and ethnic composition of the residents in the
2 inhabited residential units shall be deemed to be fully
3 satisfied by data from the most recent federal census.

4 Part II of the housing impact study shall identify
5 the inhabited residential units in the proposed
6 redevelopment project area that are to be or may be
7 removed. If inhabited residential units are to be
8 removed, then the housing impact study shall identify (i)
9 the number and location of those units that will or may
10 be removed, (ii) the municipality's plans for relocation
11 assistance for those residents in the proposed
12 redevelopment project area whose residences are to be
13 removed, (iii) the availability of replacement housing
14 for those residents whose residences are to be removed,
15 and shall identify the type, location, and cost of the
16 housing, and (iv) the type and extent of relocation
17 assistance to be provided.

18 (6) On and after November 1, 1999, the housing
19 impact study required by paragraph (5) shall be
20 incorporated in the redevelopment plan for the
21 redevelopment project area.

22 (7) On and after November 1, 1999, no redevelopment
23 plan shall be adopted, nor an existing plan amended, nor
24 shall residential housing that is occupied by households
25 of low-income and very low-income persons in currently
26 existing redevelopment project areas be removed after
27 November 1, 1999 unless the redevelopment plan provides,
28 with respect to inhabited housing units that are to be
29 removed for households of low-income and very low-income
30 persons, affordable housing and relocation assistance not
31 less than that which would be provided under the federal
32 Uniform Relocation Assistance and Real Property
33 Acquisition Policies Act of 1970 and the regulations
34 under that Act, including the eligibility criteria.

1 Affordable housing may be either existing or newly
2 constructed housing. For purposes of this paragraph (7),
3 "low-income households", "very low-income households",
4 and "affordable housing" have the meanings set forth in
5 the Illinois Affordable Housing Act. The municipality
6 shall make a good faith effort to ensure that this
7 affordable housing is located in or near the
8 redevelopment project area within the municipality.

9 (8) On and after November 1, 1999, if, after the
10 adoption of the redevelopment plan for the redevelopment
11 project area, any municipality desires to amend its
12 redevelopment plan to remove more inhabited residential
13 units than specified in its original redevelopment plan,
14 that increase in the number of units to be removed shall
15 be deemed to be a change in the nature of the
16 redevelopment plan as to require compliance with the
17 procedures in this Act pertaining to the initial approval
18 of a redevelopment plan.

19 (o) "Redevelopment project" means any public and private
20 development project in furtherance of the objectives of a
21 redevelopment plan. On and after November 1, 1999 (the
22 effective date of Public Act 91-478), no redevelopment plan
23 may be approved or amended that includes the development of
24 vacant land (i) with a golf course and related clubhouse and
25 other facilities or (ii) designated by federal, State,
26 county, or municipal government as public land for outdoor
27 recreational activities or for nature preserves and used for
28 that purpose within 5 years prior to the adoption of the
29 redevelopment plan. For the purpose of this subsection,
30 "recreational activities" is limited to mean camping and
31 hunting.

32 (p) "Redevelopment project area" means an area
33 designated by the municipality, which is not less in the
34 aggregate than 1 1/2 acres and in respect to which the

1 municipality has made a finding that there exist conditions
2 which cause the area to be classified as an industrial park
3 conservation area or a blighted area or a conservation area,
4 or a combination of both blighted areas and conservation
5 areas.

6 (q) "Redevelopment project costs" mean and include the
7 sum total of all reasonable or necessary costs incurred or
8 estimated to be incurred, and any such costs incidental to a
9 redevelopment plan and a redevelopment project. Such costs
10 include, without limitation, the following:

11 (1) Costs of studies, surveys, development of
12 plans, and specifications, implementation and
13 administration of the redevelopment plan including but
14 not limited to staff and professional service costs for
15 architectural, engineering, legal, financial, planning or
16 other services, provided however that no charges for
17 professional services may be based on a percentage of the
18 tax increment collected; except that on and after
19 November 1, 1999 (the effective date of Public Act
20 91-478), no contracts for professional services,
21 excluding architectural and engineering services, may be
22 entered into if the terms of the contract extend beyond a
23 period of 3 years. In addition, "redevelopment project
24 costs" shall not include lobbying expenses. After
25 consultation with the municipality, each tax increment
26 consultant or advisor to a municipality that plans to
27 designate or has designated a redevelopment project area
28 shall inform the municipality in writing of any contracts
29 that the consultant or advisor has entered into with
30 entities or individuals that have received, or are
31 receiving, payments financed by tax increment revenues
32 produced by the redevelopment project area with respect
33 to which the consultant or advisor has performed, or will
34 be performing, service for the municipality. This

1 requirement shall be satisfied by the consultant or
2 advisor before the commencement of services for the
3 municipality and thereafter whenever any other contracts
4 with those individuals or entities are executed by the
5 consultant or advisor;

6 (1.5) After July 1, 1999, annual administrative
7 costs shall not include general overhead or
8 administrative costs of the municipality that would still
9 have been incurred by the municipality if the
10 municipality had not designated a redevelopment project
11 area or approved a redevelopment plan;

12 (1.6) The cost of marketing sites within the
13 redevelopment project area to prospective businesses,
14 developers, and investors;

15 (2) Property assembly costs, including but not
16 limited to acquisition of land and other property, real
17 or personal, or rights or interests therein, demolition
18 of buildings, site preparation, site improvements that
19 serve as an engineered barrier addressing ground level or
20 below ground environmental contamination, including, but
21 not limited to parking lots and other concrete or asphalt
22 barriers, and the clearing and grading of land;

23 (3) Costs of rehabilitation, reconstruction or
24 repair or remodeling of existing public or private
25 buildings, fixtures, and leasehold improvements; and the
26 cost of replacing an existing public building if pursuant
27 to the implementation of a redevelopment project the
28 existing public building is to be demolished to use the
29 site for private investment or devoted to a different use
30 requiring private investment;

31 (4) Costs of the construction of public works or
32 improvements, except that on and after November 1, 1999,
33 redevelopment project costs shall not include the cost of
34 constructing a new municipal public building principally

1 used to provide offices, storage space, or conference
2 facilities or vehicle storage, maintenance, or repair for
3 administrative, public safety, or public works personnel
4 and that is not intended to replace an existing public
5 building as provided under paragraph (3) of subsection
6 (q) of Section 11-74.4-3 unless either (i) the
7 construction of the new municipal building implements a
8 redevelopment project that was included in a
9 redevelopment plan that was adopted by the municipality
10 prior to November 1, 1999 or (ii) the municipality makes
11 a reasonable determination in the redevelopment plan,
12 supported by information that provides the basis for that
13 determination, that the new municipal building is
14 required to meet an increase in the need for public
15 safety purposes anticipated to result from the
16 implementation of the redevelopment plan;

17 (5) Costs of job training and retraining projects,
18 including the cost of "welfare to work" programs
19 implemented by businesses located within the
20 redevelopment project area;

21 (6) Financing costs, including but not limited to
22 all necessary and incidental expenses related to the
23 issuance of obligations and which may include payment of
24 interest on any obligations issued hereunder including
25 interest accruing during the estimated period of
26 construction of any redevelopment project for which such
27 obligations are issued and for not exceeding 36 months
28 thereafter and including reasonable reserves related
29 thereto;

30 (7) To the extent the municipality by written
31 agreement accepts and approves the same, all or a portion
32 of a taxing district's capital costs resulting from the
33 redevelopment project necessarily incurred or to be
34 incurred within a taxing district in furtherance of the

1 objectives of the redevelopment plan and project.

2 (7.5) For redevelopment project areas designated
3 (or redevelopment project areas amended to add or
4 increase the number of tax-increment-financing assisted
5 housing units) on or after November 1, 1999, an
6 elementary, secondary, or unit school district's
7 increased costs attributable to assisted housing units
8 located within the redevelopment project area for which
9 the developer or redeveloper receives financial
10 assistance through an agreement with the municipality or
11 because the municipality incurs the cost of necessary
12 infrastructure improvements within the boundaries of the
13 assisted housing sites necessary for the completion of
14 that housing as authorized by this Act, and which costs
15 shall be paid by the municipality from the Special Tax
16 Allocation Fund when the tax increment revenue is
17 received as a result of the assisted housing units and
18 shall be calculated annually as follows:

19 (A) for foundation districts, excluding any
20 school district in a municipality with a population
21 in excess of 1,000,000, by multiplying the
22 district's increase in attendance resulting from the
23 net increase in new students enrolled in that school
24 district who reside in housing units within the
25 redevelopment project area that have received
26 financial assistance through an agreement with the
27 municipality or because the municipality incurs the
28 cost of necessary infrastructure improvements within
29 the boundaries of the housing sites necessary for
30 the completion of that housing as authorized by this
31 Act since the designation of the redevelopment
32 project area by the most recently available per
33 capita tuition cost as defined in Section 10-20.12a
34 of the School Code less any increase in general

1 State aid as defined in Section 18-8.05 of the
2 School Code attributable to these added new students
3 subject to the following annual limitations:

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

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

18 (iii) for secondary school districts with
19 a district average 1995-96 Per Capita Tuition
20 Charge of less than \$5,900, no more than 8% of
21 the total amount of property tax increment
22 revenue produced by those housing units that
23 have received tax increment finance assistance
24 under this Act.

25 (B) For alternate method districts, flat grant
26 districts, and foundation districts with a district
27 average 1995-96 Per Capita Tuition Charge equal to
28 or more than \$5,900, excluding any school district
29 with a population in excess of 1,000,000, by
30 multiplying the district's increase in attendance
31 resulting from the net increase in new students
32 enrolled in that school district who reside in
33 housing units within the redevelopment project area
34 that have received financial assistance through an

1 agreement with the municipality or because the
2 municipality incurs the cost of necessary
3 infrastructure improvements within the boundaries of
4 the housing sites necessary for the completion of
5 that housing as authorized by this Act since the
6 designation of the redevelopment project area by the
7 most recently available per capita tuition cost as
8 defined in Section 10-20.12a of the School Code less
9 any increase in general state aid as defined in
10 Section 18-8.05 of the School Code attributable to
11 these added new students subject to the following
12 annual limitations:

13 (i) for unit school districts, no more
14 than 40% of the total amount of property tax
15 increment revenue produced by those housing
16 units that have received tax increment finance
17 assistance under this Act;

18 (ii) for elementary school districts, no
19 more than 27% of the total amount of property
20 tax increment revenue produced by those housing
21 units that have received tax increment finance
22 assistance under this Act; and

23 (iii) for secondary school districts, no
24 more than 13% of the total amount of property
25 tax increment revenue produced by those housing
26 units that have received tax increment finance
27 assistance under this Act.

28 (C) For any school district in a municipality
29 with a population in excess of 1,000,000, the
30 following restrictions shall apply to the
31 reimbursement of increased costs under this
32 paragraph (7.5):

33 (i) no increased costs shall be
34 reimbursed unless the school district certifies

1 that each of the schools affected by the
2 assisted housing project is at or over its
3 student capacity;

4 (ii) the amount reimbursable
5 ~~reimburseable~~ shall be reduced by the value of
6 any land donated to the school district by the
7 municipality or developer, and by the value of
8 any physical improvements made to the schools
9 by the municipality or developer; and

10 (iii) the amount reimbursed may not
11 affect amounts otherwise obligated by the terms
12 of any bonds, notes, or other funding
13 instruments, or the terms of any redevelopment
14 agreement.

15 Any school district seeking payment under this
16 paragraph (7.5) shall, after July 1 and before
17 September 30 of each year, provide the municipality
18 with reasonable evidence to support its claim for
19 reimbursement before the municipality shall be
20 required to approve or make the payment to the
21 school district. If the school district fails to
22 provide the information during this period in any
23 year, it shall forfeit any claim to reimbursement
24 for that year. School districts may adopt a
25 resolution waiving the right to all or a portion of
26 the reimbursement otherwise required by this
27 paragraph (7.5). By acceptance of this
28 reimbursement the school district waives the right
29 to directly or indirectly set aside, modify, or
30 contest in any manner the establishment of the
31 redevelopment project area or projects;

32 (8) Relocation costs to the extent that a
33 municipality determines that relocation costs shall be
34 paid or is required to make payment of relocation costs

1 by federal or State law or in order to satisfy
2 subparagraph (7) of subsection (n);

3 (9) Payment in lieu of taxes;

4 (10) Costs of job training, retraining, advanced
5 vocational education or career education, including but
6 not limited to courses in occupational, semi-technical or
7 technical fields leading directly to employment, incurred
8 by one or more taxing districts, provided that such costs
9 (i) are related to the establishment and maintenance of
10 additional job training, advanced vocational education or
11 career education programs for persons employed or to be
12 employed by employers located in a redevelopment project
13 area; and (ii) when incurred by a taxing district or
14 taxing districts other than the municipality, are set
15 forth in a written agreement by or among the municipality
16 and the taxing district or taxing districts, which
17 agreement describes the program to be undertaken,
18 including but not limited to the number of employees to
19 be trained, a description of the training and services to
20 be provided, the number and type of positions available
21 or to be available, itemized costs of the program and
22 sources of funds to pay for the same, and the term of the
23 agreement. Such costs include, specifically, the payment
24 by community college districts of costs pursuant to
25 Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public
26 Community College Act and by school districts of costs
27 pursuant to Sections 10-22.20a and 10-23.3a of The School
28 Code;

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

32 (A) such costs are to be paid directly from
33 the special tax allocation fund established pursuant
34 to this Act;

1 (B) such payments in any one year may not
2 exceed 30% of the annual interest costs incurred by
3 the redeveloper with regard to the redevelopment
4 project during that year;

5 (C) if there are not sufficient funds
6 available in the special tax allocation fund to make
7 the payment pursuant to this paragraph (11) then the
8 amounts so due shall accrue and be payable when
9 sufficient funds are available in the special tax
10 allocation fund;

11 (D) the total of such interest payments paid
12 pursuant to this Act may not exceed 30% of the total
13 (i) cost paid or incurred by the redeveloper for the
14 redevelopment project plus (ii) redevelopment
15 project costs excluding any property assembly costs
16 and any relocation costs incurred by a municipality
17 pursuant to this Act; and

18 (E) the cost limits set forth in subparagraphs
19 (B) and (D) of paragraph (11) shall be modified for
20 the financing of rehabilitated or new housing units
21 for low-income households and very low-income
22 households, as defined in Section 3 of the Illinois
23 Affordable Housing Act. The percentage of 75% shall
24 be substituted for 30% in subparagraphs (B) and (D)
25 of paragraph (11).

26 (F) Instead of the eligible costs provided by
27 subparagraphs (B) and (D) of paragraph (11), as
28 modified by this subparagraph, and notwithstanding
29 any other provisions of this Act to the contrary,
30 the municipality may pay from tax increment revenues
31 up to 50% of the cost of construction of new housing
32 units to be occupied by low-income households and
33 very low-income households as defined in Section 3
34 of the Illinois Affordable Housing Act. The cost of

1 construction of those units may be derived from the
2 proceeds of bonds issued by the municipality under
3 this Act or other constitutional or statutory
4 authority or from other sources of municipal revenue
5 that may be reimbursed from tax increment revenues
6 or the proceeds of bonds issued to finance the
7 construction of that housing.

8 The eligible costs provided under this
9 subparagraph (F) of paragraph (11) shall be an
10 eligible cost for the construction, renovation, and
11 rehabilitation of all low and very low-income
12 housing units, as defined in Section 3 of the
13 Illinois Affordable Housing Act, within the
14 redevelopment project area. If the low and very
15 low-income units are part of a residential
16 redevelopment project that includes units not
17 affordable to low and very low-income households,
18 only the low and very low-income units shall be
19 eligible for benefits under subparagraph (F) of
20 paragraph (11). The standards for maintaining the
21 occupancy by low-income households and very
22 low-income households, as defined in Section 3 of
23 the Illinois Affordable Housing Act, of those units
24 constructed with eligible costs made available under
25 the provisions of this subparagraph (F) of paragraph
26 (11) shall be established by guidelines adopted by
27 the municipality. The responsibility for annually
28 documenting the initial occupancy of the units by
29 low-income households and very low-income
30 households, as defined in Section 3 of the Illinois
31 Affordable Housing Act, shall be that of the then
32 current owner of the property. For ownership units,
33 the guidelines will provide, at a minimum, for a
34 reasonable recapture of funds, or other appropriate

1 methods designed to preserve the original
2 affordability of the ownership units. For rental
3 units, the guidelines will provide, at a minimum,
4 for the affordability of rent to low and very
5 low-income households. As units become available,
6 they shall be rented to income-eligible tenants.
7 The municipality may modify these guidelines from
8 time to time; the guidelines, however, shall be in
9 effect for as long as tax increment revenue is being
10 used to pay for costs associated with the units or
11 for the retirement of bonds issued to finance the
12 units or for the life of the redevelopment project
13 area, whichever is later.

14 (11.5) If the redevelopment project area is located
15 within a municipality with a population of more than
16 100,000, the cost of day care services for children of
17 employees from low-income families working for businesses
18 located within the redevelopment project area and all or
19 a portion of the cost of operation of day care centers
20 established by redevelopment project area businesses to
21 serve employees from low-income families working in
22 businesses located in the redevelopment project area.
23 For the purposes of this paragraph, "low-income families"
24 means families whose annual income does not exceed 80% of
25 the municipal, county, or regional median income,
26 adjusted for family size, as the annual income and
27 municipal, county, or regional median income are
28 determined from time to time by the United States
29 Department of Housing and Urban Development.

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

33 (13) After November 1, 1999 (the effective date of
34 Public Act 91-478), none of the redevelopment project

1 costs enumerated in this subsection shall be eligible
2 redevelopment project costs if those costs would provide
3 direct financial support to a retail entity initiating
4 operations in the redevelopment project area while
5 terminating operations at another Illinois location
6 within 10 miles of the redevelopment project area but
7 outside the boundaries of the redevelopment project area
8 municipality. For purposes of this paragraph,
9 termination means a closing of a retail operation that is
10 directly related to the opening of the same operation or
11 like retail entity owned or operated by more than 50% of
12 the original ownership in a redevelopment project area,
13 but it does not mean closing an operation for reasons
14 beyond the control of the retail entity, as documented by
15 the retail entity, subject to a reasonable finding by the
16 municipality that the current location contained
17 inadequate space, had become economically obsolete, or
18 was no longer a viable location for the retailer or
19 serviceman.

20 If a special service area has been established pursuant
21 to the Special Service Area Tax Act or Special Service Area
22 Tax Law, then any tax increment revenues derived from the tax
23 imposed pursuant to the Special Service Area Tax Act or
24 Special Service Area Tax Law may be used within the
25 redevelopment project area for the purposes permitted by that
26 Act or Law as well as the purposes permitted by this Act.

27 (r) "State Sales Tax Boundary" means the redevelopment
28 project area or the amended redevelopment project area
29 boundaries which are determined pursuant to subsection (9) of
30 Section 11-74.4-8a of this Act. The Department of Revenue
31 shall certify pursuant to subsection (9) of Section
32 11-74.4-8a the appropriate boundaries eligible for the
33 determination of State Sales Tax Increment.

34 (s) "State Sales Tax Increment" means an amount equal to

1 the increase in the aggregate amount of taxes paid by
2 retailers and servicemen, other than retailers and servicemen
3 subject to the Public Utilities Act, on transactions at
4 places of business located within a State Sales Tax Boundary
5 pursuant to the Retailers' Occupation Tax Act, the Use Tax
6 Act, the Service Use Tax Act, and the Service Occupation Tax
7 Act, except such portion of such increase that is paid into
8 the State and Local Sales Tax Reform Fund, the Local
9 Government Distributive Fund, the Local Government Tax
10 Fund and the County and Mass Transit District Fund, for as
11 long as State participation exists, over and above the
12 Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts
13 or the Revised Initial Sales Tax Amounts for such taxes as
14 certified by the Department of Revenue and paid under those
15 Acts by retailers and servicemen on transactions at places of
16 business located within the State Sales Tax Boundary during
17 the base year which shall be the calendar year immediately
18 prior to the year in which the municipality adopted tax
19 increment allocation financing, less 3.0% of such amounts
20 generated under the Retailers' Occupation Tax Act, Use Tax
21 Act and Service Use Tax Act and the Service Occupation Tax
22 Act, which sum shall be appropriated to the Department of
23 Revenue to cover its costs of administering and enforcing
24 this Section. For purposes of computing the aggregate amount
25 of such taxes for base years occurring prior to 1985, the
26 Department of Revenue shall compute the Initial Sales Tax
27 Amount for such taxes and deduct therefrom an amount equal to
28 4% of the aggregate amount of taxes per year for each year
29 the base year is prior to 1985, but not to exceed a total
30 deduction of 12%. The amount so determined shall be known as
31 the "Adjusted Initial Sales Tax Amount". For purposes of
32 determining the State Sales Tax Increment the Department of
33 Revenue shall for each period subtract from the tax amounts
34 received from retailers and servicemen on transactions

1 located in the State Sales Tax Boundary, the certified
2 Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts
3 or Revised Initial Sales Tax Amounts for the Retailers'
4 Occupation Tax Act, the Use Tax Act, the Service Use Tax Act
5 and the Service Occupation Tax Act. For the State Fiscal
6 Year 1989 this calculation shall be made by utilizing the
7 calendar year 1987 to determine the tax amounts received. For
8 the State Fiscal Year 1990, this calculation shall be made by
9 utilizing the period from January 1, 1988, until September
10 30, 1988, to determine the tax amounts received from
11 retailers and servicemen, which shall have deducted therefrom
12 nine-twelfths of the certified Initial Sales Tax Amounts,
13 Adjusted Initial Sales Tax Amounts or the Revised Initial
14 Sales Tax Amounts as appropriate. For the State Fiscal Year
15 1991, this calculation shall be made by utilizing the period
16 from October 1, 1988, until June 30, 1989, to determine the
17 tax amounts received from retailers and servicemen, which
18 shall have deducted therefrom nine-twelfths of the certified
19 Initial State Sales Tax Amounts, Adjusted Initial Sales Tax
20 Amounts or the Revised Initial Sales Tax Amounts as
21 appropriate. For every State Fiscal Year thereafter, the
22 applicable period shall be the 12 months beginning July 1 and
23 ending on June 30, to determine the tax amounts received
24 which shall have deducted therefrom the certified Initial
25 Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the
26 Revised Initial Sales Tax Amounts. Municipalities intending
27 to receive a distribution of State Sales Tax Increment must
28 report a list of retailers to the Department of Revenue by
29 October 31, 1988 and by July 31, of each year thereafter.

30 (t) "Taxing districts" means counties, townships, cities
31 and incorporated towns and villages, school, road, park,
32 sanitary, mosquito abatement, forest preserve, public health,
33 fire protection, river conservancy, tuberculosis sanitarium
34 and any other municipal corporations or districts with the

1 power to levy taxes.

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

6 (v) As used in subsection (a) of Section 11-74.4-3 of
7 this Act, "vacant land" means any parcel or combination of
8 parcels of real property without industrial, commercial, and
9 residential buildings which has not been used for commercial
10 agricultural purposes within 5 years prior to the designation
11 of the redevelopment project area, unless the parcel is
12 included in an industrial park conservation area or the
13 parcel has been subdivided; provided that if the parcel was
14 part of a larger tract that has been divided into 3 or more
15 smaller tracts that were accepted for recording during the
16 period from 1950 to 1990, then the parcel shall be deemed to
17 have been subdivided, and all proceedings and actions of the
18 municipality taken in that connection with respect to any
19 previously approved or designated redevelopment project area
20 or amended redevelopment project area are hereby validated
21 and hereby declared to be legally sufficient for all purposes
22 of this Act. For purposes of this Section and only for land
23 subject to the subdivision requirements of the Plat Act, land
24 is subdivided when the original plat of the proposed
25 Redevelopment Project Area or relevant portion thereof has
26 been properly certified, acknowledged, approved, and recorded
27 or filed in accordance with the Plat Act and a preliminary
28 plat, if any, for any subsequent phases of the proposed
29 Redevelopment Project Area or relevant portion thereof has
30 been properly approved and filed in accordance with the
31 applicable ordinance of the municipality.

32 (w) "Annual Total Increment" means the sum of each
33 municipality's annual Net Sales Tax Increment and each
34 municipality's annual Net Utility Tax Increment. The ratio

1 of the Annual Total Increment of each municipality to the
2 Annual Total Increment for all municipalities, as most
3 recently calculated by the Department, shall determine the
4 proportional shares of the Illinois Tax Increment Fund to be
5 distributed to each municipality.

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

9 (65 ILCS 5/11-74.4-7) (from Ch. 24, par. 11-74.4-7)

10 Sec. 11-74.4-7. Obligations secured by the special tax
11 allocation fund set forth in Section 11-74.4-8 for the
12 redevelopment project area may be issued to provide for
13 redevelopment project costs. Such obligations, when so
14 issued, shall be retired in the manner provided in the
15 ordinance authorizing the issuance of such obligations by the
16 receipts of taxes levied as specified in Section 11-74.4-9
17 against the taxable property included in the area, by
18 revenues as specified by Section 11-74.4-8a and other revenue
19 designated by the municipality. A municipality may in the
20 ordinance pledge all or any part of the funds in and to be
21 deposited in the special tax allocation fund created pursuant
22 to Section 11-74.4-8 to the payment of the redevelopment
23 project costs and obligations. Any pledge of funds in the
24 special tax allocation fund shall provide for distribution to
25 the taxing districts and to the Illinois Department of
26 Revenue of moneys not required, pledged, earmarked, or
27 otherwise designated for payment and securing of the
28 obligations and anticipated redevelopment project costs and
29 such excess funds shall be calculated annually and deemed to
30 be "surplus" funds. In the event a municipality only applies
31 or pledges a portion of the funds in the special tax
32 allocation fund for the payment or securing of anticipated
33 redevelopment project costs or of obligations, any such funds

1 remaining in the special tax allocation fund after complying
2 with the requirements of the application or pledge, shall
3 also be calculated annually and deemed "surplus" funds. All
4 surplus funds in the special tax allocation fund shall be
5 distributed annually within 180 days after the close of the
6 municipality's fiscal year by being paid by the municipal
7 treasurer to the County Collector, to the Department of
8 Revenue and to the municipality in direct proportion to the
9 tax incremental revenue received as a result of an increase
10 in the equalized assessed value of property in the
11 redevelopment project area, tax incremental revenue received
12 from the State and tax incremental revenue received from the
13 municipality, but not to exceed as to each such source the
14 total incremental revenue received from that source. The
15 County Collector shall thereafter make distribution to the
16 respective taxing districts in the same manner and proportion
17 as the most recent distribution by the county collector to
18 the affected districts of real property taxes from real
19 property in the redevelopment project area.

20 Without limiting the foregoing in this Section, the
21 municipality may in addition to obligations secured by the
22 special tax allocation fund pledge for a period not greater
23 than the term of the obligations towards payment of such
24 obligations any part or any combination of the following: (a)
25 net revenues of all or part of any redevelopment project; (b)
26 taxes levied and collected on any or all property in the
27 municipality; (c) the full faith and credit of the
28 municipality; (d) a mortgage on part or all of the
29 redevelopment project; or (e) any other taxes or anticipated
30 receipts that the municipality may lawfully pledge.

31 Such obligations may be issued in one or more series
32 bearing interest at such rate or rates as the corporate
33 authorities of the municipality shall determine by ordinance.
34 Such obligations shall bear such date or dates, mature at

1 such time or times not exceeding 20 years from their
2 respective dates, be in such denomination, carry such
3 registration privileges, be executed in such manner, be
4 payable in such medium of payment at such place or places,
5 contain such covenants, terms and conditions, and be subject
6 to redemption as such ordinance shall provide. Obligations
7 issued pursuant to this Act may be sold at public or private
8 sale at such price as shall be determined by the corporate
9 authorities of the municipalities. No referendum approval of
10 the electors shall be required as a condition to the issuance
11 of obligations pursuant to this Division except as provided
12 in this Section.

13 In the event the municipality authorizes issuance of
14 obligations pursuant to the authority of this Division
15 secured by the full faith and credit of the municipality,
16 which obligations are other than obligations which may be
17 issued under home rule powers provided by Article VII,
18 Section 6 of the Illinois Constitution, or pledges taxes
19 pursuant to (b) or (c) of the second paragraph of this
20 section, the ordinance authorizing the issuance of such
21 obligations or pledging such taxes shall be published within
22 10 days after such ordinance has been passed in one or more
23 newspapers, with general circulation within such
24 municipality. The publication of the ordinance shall be
25 accompanied by a notice of (1) the specific number of voters
26 required to sign a petition requesting the question of the
27 issuance of such obligations or pledging taxes to be
28 submitted to the electors; (2) the time in which such
29 petition must be filed; and (3) the date of the prospective
30 referendum. The municipal clerk shall provide a petition
31 form to any individual requesting one.

32 If no petition is filed with the municipal clerk, as
33 hereinafter provided in this Section, within 30 days after
34 the publication of the ordinance, the ordinance shall be in

1 effect. But, if within that 30 day period a petition is
2 filed with the municipal clerk, signed by electors in the
3 municipality numbering 10% or more of the number of
4 registered voters in the municipality, asking that the
5 question of issuing obligations using full faith and credit
6 of the municipality as security for the cost of paying for
7 redevelopment project costs, or of pledging taxes for the
8 payment of such obligations, or both, be submitted to the
9 electors of the municipality, the corporate authorities of
10 the municipality shall call a special election in the manner
11 provided by law to vote upon that question, or, if a general,
12 State or municipal election is to be held within a period of
13 not less than 30 or more than 90 days from the date such
14 petition is filed, shall submit the question at the next
15 general, State or municipal election. If it appears upon the
16 canvass of the election by the corporate authorities that a
17 majority of electors voting upon the question voted in favor
18 thereof, the ordinance shall be in effect, but if a majority
19 of the electors voting upon the question are not in favor
20 thereof, the ordinance shall not take effect.

21 The ordinance authorizing the obligations may provide
22 that the obligations shall contain a recital that they are
23 issued pursuant to this Division, which recital shall be
24 conclusive evidence of their validity and of the regularity
25 of their issuance.

26 In the event the municipality authorizes issuance of
27 obligations pursuant to this Section secured by the full
28 faith and credit of the municipality, the ordinance
29 authorizing the obligations may provide for the levy and
30 collection of a direct annual tax upon all taxable property
31 within the municipality sufficient to pay the principal
32 thereof and interest thereon as it matures, which levy may be
33 in addition to and exclusive of the maximum of all other
34 taxes authorized to be levied by the municipality, which

1 levy, however, shall be abated to the extent that monies from
2 other sources are available for payment of the obligations
3 and the municipality certifies the amount of said monies
4 available to the county clerk.

5 A certified copy of such ordinance shall be filed with
6 the county clerk of each county in which any portion of the
7 municipality is situated, and shall constitute the authority
8 for the extension and collection of the taxes to be deposited
9 in the special tax allocation fund.

10 A municipality may also issue its obligations to refund
11 in whole or in part, obligations theretofore issued by such
12 municipality under the authority of this Act, whether at or
13 prior to maturity, provided however, that the last maturity
14 of the refunding obligations shall not be expressed to mature
15 later than December 31 of the year in which the payment to
16 the municipal treasurer as provided in subsection (b) of
17 Section 11-74.4-8 of this Act is to be made with respect to
18 ad valorem taxes levied in the twenty-third calendar year
19 after the year in which the ordinance approving the
20 redevelopment project area is adopted if the ordinance was
21 adopted on or after January 15, 1981, and not later than
22 December 31 of the year in which the payment to the municipal
23 treasurer as provided in subsection (b) of Section 11-74.4-8
24 of this Act is to be made with respect to ad valorem taxes
25 levied in the thirty-fifth calendar year after the year in
26 which the ordinance approving the redevelopment project area
27 is adopted (A) if the ordinance was adopted before January
28 15, 1981, or (B) if the ordinance was adopted in December
29 1983, April 1984, July 1985, or December 1989, or (C) if the
30 ordinance was adopted in December, 1987 and the redevelopment
31 project is located within one mile of Midway Airport, or (D)
32 if the ordinance was adopted before January 1, 1987 by a
33 municipality in Mason County, or (E) if the municipality is
34 subject to the Local Government Financial Planning and

1 Supervision Act, or (F) if the ordinance was adopted in
2 December 1984 by the Village of Rosemont, or (G) if the
3 ordinance was adopted on December 31, 1986 by a municipality
4 located in Clinton County for which at least \$250,000 of tax
5 increment bonds were authorized on June 17, 1997, or if the
6 ordinance was adopted on December 31, 1986 by a municipality
7 with a population in 1990 of less than 3,600 that is located
8 in a county with a population in 1990 of less than 34,000 and
9 for which at least \$250,000 of tax increment bonds were
10 authorized on June 17, 1997, or (H) if the ordinance was
11 adopted on October 5, 1982 by the City of Kankakee, or (I) if
12 the ordinance was adopted on December 29, 1986 by East St.
13 Louis, or if the ordinance was adopted on November 12, 1991
14 by the Village of Sauget, or (J) if the ordinance was adopted
15 on February 11, 1985 by the City of Rock Island, or (K) if
16 the ordinance was adopted before December 18, 1986 by the
17 City of Moline, or (L) if the ordinance was adopted on
18 December 29, 1986 by the City of Galva and, for redevelopment
19 project areas for which bonds were issued before July 29,
20 1991, in connection with a redevelopment project in the area
21 within the State Sales Tax Boundary and which were extended
22 by municipal ordinance under subsection (n) of Section
23 11-74.4-3, the last maturity of the refunding obligations
24 shall not be expressed to mature later than the date on which
25 the redevelopment project area is terminated or December 31,
26 2013, whichever date occurs first.

27 In the event a municipality issues obligations under home
28 rule powers or other legislative authority the proceeds of
29 which are pledged to pay for redevelopment project costs, the
30 municipality may, if it has followed the procedures in
31 conformance with this division, retire said obligations from
32 funds in the special tax allocation fund in amounts and in
33 such manner as if such obligations had been issued pursuant
34 to the provisions of this division.

1 All obligations heretofore or hereafter issued pursuant
2 to this Act shall not be regarded as indebtedness of the
3 municipality issuing such obligations or any other taxing
4 district for the purpose of any limitation imposed by law.

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

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.