



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5797

by Rep. Martin McLaughlin

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 200/Art. 10 Div. 23 heading new
35 ILCS 200/10-1000 new

Creates the Taxpayer and Investment Protection Act. Provides that a developer that undertakes a qualifying project may apply to the Department of Commerce and Economic Opportunity for certain benefits authorized under the Act, including, but not limited to, a negotiated property tax agreement and infrastructure support if the project satisfies certain job creation, investment, and location requirements. Provides that one or more taxing bodies may enter into a negotiated property tax agreement with the developer of a qualifying project. Provides that the agreement shall provide for a single annual payment in full satisfaction of all ad valorem property taxes that would otherwise be levied on the improvements constructed on the project site as part of the qualifying project. Provides that the State may provide infrastructure support for public infrastructure improvements that directly benefit a qualifying project and provide broader public benefit to the region in which the project is located. Amends the Property Tax Code to make conforming changes. Effective immediately.

LRB104 22337 HLH 38784 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Taxpayer and Investment Protection Act.

6 Section 5. Legislative findings and declarations.

7 (a) The General Assembly finds that:

8 (1) The State of Illinois competes vigorously with
9 other states and jurisdictions to attract major private
10 capital investment capable of generating transformative
11 economic benefits, including the creation of tens of
12 thousands of construction and permanent jobs, substantial
13 expansion of the property and sales tax base, and
14 long-term regional economic development.

15 (2) Recent large-scale development projects across the
16 United States, including SoFi Stadium in Los Angeles,
17 Allegiant Stadium in Las Vegas, Nissan Stadium in
18 Nashville, and Highmark Stadium in Orchard Park, New York,
19 demonstrate both the opportunities and the challenges
20 associated with such projects.

21 (3) Very large-scale private developments involving
22 private capital investment exceeding \$2,500,000,000
23 present unique opportunities for economic growth but also

1 unique fiscal and infrastructure challenges, including
2 significant demands on regional transportation, utilities,
3 and public services, as well as substantial impacts on
4 existing property tax bases and local government budgets.

5 (4) A general statutory framework applicable to
6 qualifying large-scale private developments in the State's
7 most populous counties provides necessary certainty to
8 investors, protects local taxing bodies and residents from
9 undue burden, promotes transparency and accountability,
10 and avoids the constitutional concerns associated with
11 purely project-specific or special legislation by
12 establishing clear, generally applicable eligibility
13 criteria and procedures.

14 (b) It is the policy of this State and the purpose of this
15 Act to:

16 (1) encourage transformative private investment and
17 job creation while ensuring that the costs of growth are
18 not unfairly shifted onto existing taxpayers and that any
19 public participation is limited, transparent,
20 performance-based, and accompanied by rigorous independent
21 review, measurable commitments, and enforceable remedies,
22 including repayment obligations; and

23 (2) establish clear, predictable, and highly
24 protective procedures under which qualifying private
25 developments may receive limited property tax certainty
26 through a payment in lieu of taxes and targeted public

1 infrastructure support, subject to mandatory independent
2 fiscal neutrality determinations, long-term operational
3 commitments with repayment consequences, strong clawback
4 mechanisms, and comprehensive transparency requirements.

5 Section 10. Definitions. As used in this Act:

6 "Affected taxing body" means a taxing body in which all or
7 a portion of a qualifying project is located.

8 "Certification" means the written fiscal neutrality
9 determination issued under Section 30 of this Act.

10 "Commission" means the Commission on Government
11 Forecasting and Accountability.

12 "Department" means the Department of Commerce and Economic
13 Opportunity.

14 "Developer" means any individual, corporation, limited
15 liability company, partnership, or consortium that undertakes
16 or proposes to undertake a qualifying project.

17 "Development agreement" means the comprehensive agreement
18 required under Section 35 of this Act.

19 "Full-time employee" means an individual who is employed
20 for consideration for at least 35 hours each week or who
21 renders any other standard of service generally accepted by
22 industry custom or practice as full-time employment. An
23 individual for whom a W-2 is issued by a Professional Employer
24 Organization (PEO) is a full-time employee if employed in the
25 service of the applicant for consideration for at least 35

1 hours each week.

2 "Infrastructure support" means financial or other
3 assistance authorized under Section 25 of this Act for public
4 infrastructure improvements.

5 "Job creation target" means the employment of at least 500
6 new full-time employees who are hired to support the business
7 operations for the life of the project and who reside in the
8 State.

9 "NPT" or "negotiated property tax" means a negotiated
10 property tax payment made by a developer to one or more taxing
11 bodies in lieu of the ad valorem property taxes that would
12 otherwise be due on improvements constructed as part of a
13 qualifying project.

14 "Project site" means the real property on which a
15 qualifying project is or will be developed, as more
16 particularly described in the applicable development
17 agreement.

18 "Qualifying project" means a private development that: (i)
19 meets the job creation target set forth in this Section; (ii)
20 involves total private capital investment exceeding
21 \$2,500,000,000; and (iii) is located in a county with a
22 population that exceeds 1,000,000 according to the most recent
23 federal decennial census for which data is available prior to
24 the date on which the application is submitted to the
25 Department.

26 "Taxing body" means any unit of local government, school

1 district, community college district, or other entity
2 authorized by law to levy ad valorem property taxes in the
3 State of Illinois.

4 Section 15. Eligibility for benefits. A developer that
5 undertakes a qualifying project may apply to the Department
6 for the benefits authorized under this Act, including, but not
7 limited to, an NPT agreement and infrastructure support, if
8 the developer executes a development agreement containing all
9 commitments required by this Act.

10 Section 20. NPT agreements authorized.

11 (a) Upon satisfaction of the requirements of this Act, one
12 or more taxing bodies may enter into an NPT agreement with the
13 developer of a qualifying project.

14 (b) An NPT agreement shall provide for a single annual NPT
15 payment in full satisfaction of all ad valorem property taxes
16 that would otherwise be levied on the improvements constructed
17 on the project site as part of the qualifying project.

18 (c) The initial amount of the annual NPT payment shall be
19 determined through good-faith negotiation between the
20 developer and the affected taxing bodies. The negotiation
21 process shall follow these structured steps to ensure
22 transparency, fairness, and alignment with taxpayer
23 protections:

24 (1) Within 30 days after submitting its application

1 under Section 15, the developer shall provide each
2 affected taxing body with an initial proposal, including a
3 proposed NPT amount and a preliminary fiscal impact
4 analysis prepared by an independent third party.

5 (2) Each affected taxing body shall have 45 days after
6 receipt of the initial proposal to review the proposal and
7 provide a written response, which may include a
8 counter-proposal, requests for additional information, or
9 proposed modifications.

10 (3) The parties shall conduct at least 2 good-faith
11 negotiation meetings, in person or virtually, within 60
12 days after the initial proposal is received by each of the
13 taxing bodies.

14 (4) If the parties are unable to reach an agreement
15 within 90 days after the initial proposal is received by
16 each of the taxing bodies, any of the parties may request
17 non binding mediation by a neutral third party mutually
18 selected or facilitated by the Department.

19 (5) In all negotiations, the parties shall consider:
20 (i) the certification required under Section 30; (ii)
21 projected service cost increases for the taxing bodies;
22 (iii) the economic benefits to the community; (iv) the
23 requirement to avoid any net shift of tax burden to
24 existing taxpayers; and (v) the allocation for homeowner
25 property tax relief.

26 (6) The final NPT agreement shall be subject to at

1 least one public hearing in each affected taxing body
2 before approval by formal resolution of the governing body
3 of each affected taxing body. Notice of the hearing and
4 the proposed NPT amount shall be published on the
5 Department's website at least 14 days prior to the
6 hearing.

7 (7) The payment amount, when considered together with
8 taxes generated by other components of the qualifying
9 project, must be sufficient to avoid any net shift of ad
10 valorem property tax burden onto existing taxpayers within
11 the affected taxing bodies, as confirmed by the
12 certification required under Section 30.

13 (8) The annual NPT payment shall increase by 2.5% on
14 each anniversary of the effective date of the NPT
15 agreement.

16 (9) The term of any NPT agreement shall not exceed 40
17 years from the date of substantial completion of the
18 qualifying project.

19 (d) Each NPT agreement shall provide that at least 50% of
20 the annual NPT revenues shall be allocated to provide direct
21 property tax relief to residential property owners within the
22 taxing bodies in a manner determined by the parties or as
23 otherwise provided by law or intergovernmental agreement.

24 (e) No NPT agreement shall become effective until the
25 certification required under Section 30 has been issued and
26 the development agreement required under Section 35 has been

1 executed.

2 Section 25. Infrastructure support authorized; conditions.

3 (a) Subject to appropriation and the requirements of this
4 Act, the State may provide infrastructure support for public
5 infrastructure improvements that directly benefit a qualifying
6 project and provide broader public benefit to the region in
7 which the project is located.

8 (b) The total amount of infrastructure support authorized
9 under this Act for any single qualifying project shall not
10 exceed \$1,200,000,000.

11 (c) Eligible public infrastructure improvements include
12 highway and road access improvements, transit connections and
13 related facilities, utility extensions and upgrades,
14 stormwater management facilities, and public safety
15 facilities.

16 (d) The developer shall be solely and exclusively
17 responsible for the costs of eligible infrastructure
18 improvements that exceed the total amount of infrastructure
19 support authorized under this Act or that are not approved as
20 part of the development agreement.

21 (e) Infrastructure support shall be provided only pursuant
22 to a development agreement that includes a dedicated revenue
23 recapture plan. The recapture plan shall dedicate a portion of
24 incremental sales taxes, hotel taxes, and other revenues
25 generated by the qualifying project to the repayment or offset

1 of State costs associated with the infrastructure support over
2 a period not to exceed the term of the NPT agreement.

3 (f) Infrastructure support shall be disbursed in tranches
4 only upon a written determination by the Department or by an
5 independent reviewer designated in the development agreement
6 that specified milestones set forth in the development
7 agreement have been achieved.

8 (g) The developer shall be responsible for the ongoing
9 maintenance of any infrastructure improvements constructed
10 with infrastructure support that are located on or primarily
11 serve the project site, unless otherwise provided in the
12 development agreement.

13 Section 30. Fiscal neutrality certification required.

14 (a) No NPT agreement or infrastructure support under this
15 Act may take effect until the Commission issues a written
16 fiscal neutrality certification in accordance with subsection
17 (b). If the Commission declines to issue the certification or
18 fails to act within 45 days after receiving a complete
19 request, the certification shall be issued by an independent
20 fiscal reviewer jointly selected by the affected taxing bodies
21 and the Department.

22 (b) The certification shall state, based on reasonable
23 assumptions, methodologies, and independent economic and
24 fiscal modeling, that the proposed NPT agreement and
25 infrastructure support are projected to result in a net

1 positive fiscal impact for the taxing bodies over the full
2 term of the agreements after accounting for all new tax
3 revenues, NPT payments, infrastructure support costs
4 (including any associated debt service or repayment
5 obligations), and reasonably anticipated increases in demand
6 for local government services attributable to the qualifying
7 project. The certification must include specific findings that
8 no net shift of ad valorem property tax burden to existing
9 taxpayers will occur as a result of the proposed NPT agreement
10 or infrastructure support.

11 (c) The certification must specifically address and make
12 explicit findings regarding whether the agreements will result
13 in any shift of ad valorem property tax burden to existing
14 residential or commercial property owners within the affected
15 taxing bodies.

16 (d) In preparing the certification, the Commission or
17 independent reviewer, as applicable, shall consider, at a
18 minimum:

19 (1) the amount, timing, and growth rate of NPT
20 payments and new tax revenues generated by the qualifying
21 project;

22 (2) the amount, timing, and repayment structure of any
23 infrastructure support;

24 (3) the projected increases in demand for police,
25 fire, emergency medical, school, and other local
26 government services attributable to the qualifying project

1 and its employees and visitors;

2 (4) the allocation of NPT revenues for direct
3 residential property tax relief; and

4 (5) any other factors the Commission or reviewer deems
5 relevant to a complete fiscal impact analysis.

6 (e) The certification shall be completed, issued in
7 writing, and made available to the public on the Department's
8 website for a period of at least 14 days before the execution
9 of any development agreement.

10 (f) The Department shall adopt rules establishing minimum
11 standards and requirements for the economic and fiscal
12 modeling used in the certification process.

13 Section 35. Development agreement required.

14 (a) Before any NPT agreement or infrastructure support
15 under this Act may take effect, the developer and the taxing
16 bodies shall execute a comprehensive development agreement.

17 (b) The development agreement shall include, at a minimum,
18 the following provisions:

19 (1) specific, measurable, and independently verifiable
20 targets for total private capital investment in the
21 qualifying project and for the creation of
22 construction-phase and permanent private-sector jobs;

23 (2) a detailed project schedule with enforceable
24 milestones for permitting, financing, groundbreaking,
25 substantial completion, and commencement of operations;

1 (3) provisions for workforce training, registered
2 apprenticeship programs, and good-faith efforts to hire
3 Illinois residents, with particular emphasis on residents
4 of the communities in which the project site is located;

5 (4) a long-term operational commitment by the
6 developer to maintain the primary economic activity of the
7 qualifying project at the project site for a minimum
8 period of 30 years from the date of substantial
9 completion, together with a provision requiring pro rata
10 repayment of any infrastructure support previously
11 provided (together with interest at a commercially
12 reasonable rate specified in the development agreement) if
13 the developer materially ceases such primary economic
14 activity or relocates it outside the State of Illinois
15 before the expiration of that period;

16 (5) claw back, recapture, and remedy provisions
17 consistent with Section 40 of this Act;

18 (6) requirements for annual public reporting on
19 investment levels, job creation, and compliance with the
20 development agreement, together with provisions for
21 independent audits of such reports at the developer's
22 expense;

23 (7) provisions addressing the developer's
24 responsibility for ongoing maintenance of infrastructure
25 improvements constructed with infrastructure support; and

26 (8) an acknowledgment that all benefits authorized

1 under this Act are expressly conditioned upon issuance of
2 the certification required under Section 30 and ongoing
3 compliance with the development agreement.

4 (c) The development agreement shall be subject to at least
5 one public hearing in each municipality in which the project
6 site is located and shall be a public record subject to
7 disclosure under the Freedom of Information Act.

8 Section 40. Oversight, reporting, audits, and remedies.

9 (a) The developer shall submit to the Department and to
10 each affected taxing body an annual report, in a form and
11 containing such information as the Department may prescribe by
12 rule, detailing the amount of private capital invested, the
13 number and types of jobs created, NPT payments made, and
14 compliance with all terms of the development agreement during
15 the preceding calendar year.

16 (b) The Department may, at any time, conduct or cause to be
17 conducted an independent audit of the developer's books and
18 records to verify the accuracy of any report submitted under
19 this Section. The cost of any such audit shall be borne by the
20 developer if material discrepancies are found.

21 (c) If the developer fails to substantially complete the
22 qualifying project by the date specified in the development
23 agreement, materially fails to meet the private investment or
24 job creation target, or materially breaches the long-term
25 operational commitment required under Section 35, then, in

1 addition to any other remedies available at law or in equity:

2 (1) any NPT agreement then in effect shall
3 automatically terminate, and the project site and all
4 improvements thereon shall become subject to ad valorem
5 property taxation under the general laws of this State
6 from and after the date of such termination; and

7 (2) any infrastructure support previously disbursed to
8 or on behalf of the developer shall become immediately due
9 and payable to the State of Illinois, together with
10 interest at the rate specified in the development
11 agreement.

12 (d) The Attorney General may bring a civil action in the
13 name of the People of the State of Illinois to enforce the
14 provisions of this Act, any rule adopted under this Act, or any
15 development agreement entered into pursuant to this Act.

16 Section 45. Projects to be valued at equalized assessed
17 value. No affected taxing body shall increase its tax rate or
18 extend additional taxes on any property not subject to an NPT
19 agreement under this Act for the purpose of offsetting or
20 compensating for any reduction in revenue resulting from an
21 NPT agreement. Any revenue shortfall attributable to an NPT
22 agreement shall be absorbed within the existing tax rates and
23 extension limitations applicable to properties not subject to
24 the NPT agreement consistent with the fiscal neutrality
25 certification required under Section 30.

1 Section 50. Ethics and transparency requirements.

2 (a) No elected official or employee of the State of
3 Illinois or of any affected taxing body who participates in
4 the review, negotiation, or approval of any application, NPT
5 agreement, development agreement, or infrastructure support
6 under this Act shall accept any gift, gratuity, entertainment,
7 or thing of value from the developer or from any person or
8 entity affiliated with or acting on behalf of the developer,
9 except as may be expressly permitted under the State Officials
10 and Employees Ethics Act or applicable local ethics ordinances
11 or rules.

12 (b) All documents relating to a qualifying project under
13 this Act, including, but not limited to, the application, the
14 certification, the development agreement, annual reports, and
15 the results of any audits, shall be public records subject to
16 inspection and copying under the Freedom of Information Act.

17 Section 55. Relationship to other laws. This Act is
18 intended to supplement and not to limit, repeal, or otherwise
19 affect any other provision of State law authorizing economic
20 development incentives, tax increment financing, enterprise
21 zones, or infrastructure assistance. With respect to
22 qualifying projects, this Act shall control over any
23 conflicting provisions of the Property Tax Code, including
24 provisions governing the valuation, assessment, levy, or

1 collection of property taxes on improvements subject to an NPT
2 agreement. In the event of any conflict between the provisions
3 of this Act and any other law with respect to a qualifying
4 project, the provisions of this Act shall control.

5 Section 60. Rulemaking authority. The Department may adopt
6 such rules as are necessary or appropriate to implement and
7 administer this Act, including but not limited to rules
8 governing the form and content of applications, the
9 certification process, the minimum contents of development
10 agreements, reporting requirements, and audit procedures.

11 Section 65. Severability. If any provision of this Act or
12 its application to any person or circumstance is held invalid
13 by a court of competent jurisdiction, such invalidity shall
14 not affect any other provision or application of this Act that
15 can be given effect without the invalid provision or
16 application.

17 Section 900. The Property Tax Code is amended by adding
18 Division 23 to Article 10 as follows:

19 (35 ILCS 200/Art. 10 Div. 23 heading new)

20 Division 23. Taxpayer and Investment Protection Act.

21 (35 ILCS 200/10-1000 new)

1 Sec. 10-1000. Taxpayer and Investment Protection Act. One
2 or more taxing bodies may enter into a negotiated property tax
3 agreement with the developer of a qualifying project as
4 provided in the Taxpayer and Investment Protection Act. As
5 used in this Section, the terms "negotiated property tax" and
6 "taxing body" have the meanings given to those terms in the
7 Taxpayer and Investment Protection Act.

8 Section 999. Effective date. This Act takes effect upon
9 becoming law.