



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2344

Introduced 2/7/2025, by Sen. Steve Stadelman

SYNOPSIS AS INTRODUCED:

New Act

Creates the Statewide Innovation Development and Economy Act. Provides that the purpose of the Act is to promote, stimulate, and develop the general and economic welfare of the State of Illinois and its communities and to assist in the development and redevelopment of major tourism, entertainment, retail, and related projects within eligible areas of the State, thereby creating new jobs, stimulating significant capital investment, and promoting the general welfare of the citizens of this State, by authorizing municipalities and counties to issue sales tax and revenue (STAR) bonds for the financing of STAR bond projects and to otherwise exercise the powers and authorities granted to municipalities to provide incentives to create new job opportunities and to promote major tourism, entertainment, retail, and related projects within the State. Provides that the Office of the Governor, in consultation with the Department of Commerce and Economic Opportunity, shall have final approval of all STAR bond districts and STAR bond projects established under this Act, which may be established throughout the 10 Economic Development Regions in the State as established by the Department of Commerce and Economic Opportunity. Provides that regardless of the number of STAR bond districts established within any Economic Development Region, only one STAR bond project may be approved in each of the 10 Regions, excluding projects located in STAR bond districts established under the Innovation Development and Economy Act. Provides that each STAR bond district in which a STAR bonds project has been approved may only receive 50% of the total development costs up to \$75,000,000 in State sales tax increment. Provides that a STAR bond district under the Act may not be located either entirely or partially inside of a municipality with a population in excess of 2,000,000. Effective immediately.

LRB104 11358 RTM 21446 b

1 AN ACT concerning statewide innovation development.

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 Statewide Innovation Development and Economy Act.

6 Section 5. Purpose. It is hereby found and declared that
7 the purpose of this Act is to promote, stimulate, and develop
8 the general and economic welfare of the State of Illinois and
9 its communities and to assist in the development and
10 redevelopment of major tourism, entertainment, retail, and
11 related projects within eligible areas of the State, thereby
12 creating new jobs, stimulating significant capital investment,
13 and promoting the general welfare of the citizens of this
14 State, by authorizing municipalities and counties to issue
15 sales tax and revenue (STAR) bonds for the financing of STAR
16 bond projects as defined in Section 10, and to otherwise
17 exercise the powers and authorities granted to municipalities.
18 It is further found and declared to be the policy of the State,
19 in the interest of promoting the health, safety, morals, and
20 general welfare of all the people of the State, to provide
21 incentives to create new job opportunities and to promote
22 major tourism, entertainment, retail, and related projects
23 within the State. It is further found and declared:

1 (a) that it is in the public interest to limit the portion
2 of the aggregate proceeds of STAR bonds issued that are
3 derived from the State sales tax increment pledged to pay STAR
4 bonds in any STAR bond district to not more than 50% of the
5 total development costs in the STAR bond district as set forth
6 in subsection (g) of Section 30;

7 (b) that as a result of the costs of land assemblage,
8 financing, infrastructure, and other project costs, the
9 private sector, without the assistance contemplated in this
10 Act, is unable to develop major tourism, entertainment,
11 retail, and related projects in some parts of the State;

12 (c) that the type of projects for which this Act is
13 intended must be of a certain size and scope, and must be
14 developed in a cohesive and comprehensive manner;

15 (d) that the eligible tracts of land are more likely to
16 remain underutilized and undeveloped, or developed in a
17 piecemeal manner resulting in inefficient and poorly planned
18 developments that do not maximize job creation, job retention,
19 and tax revenue generation within the State;

20 (e) that there are multiple eligible areas in the State
21 that could benefit from this Act;

22 (f) that investment in major tourism, entertainment,
23 retail, and related development within the State would
24 stimulate economic activity in the State, including the
25 creation and maintenance of jobs, the creation of new and
26 lasting infrastructure and other improvements, and the

1 attraction and retention of interstate tourists and
2 entertainment events that generate significant economic
3 activity;

4 (g) that the continual encouragement, development, growth,
5 and expansion of major tourism, entertainment, retail, and
6 related projects within the State requires a cooperative and
7 continuous partnership between government and the private
8 sector;

9 (h) that the State has a responsibility to help create a
10 favorable climate for new and improved job opportunities for
11 its citizens and to increase the tax base of the State and its
12 political subdivisions by encouraging development by the
13 private sector of major retail within the State;

14 (i) that the provision of additional incentives by the
15 State and its political subdivisions will relieve conditions
16 of unemployment, maintain existing levels of employment,
17 create new job opportunities, retain jobs within the State,
18 increase commerce within the State, and increase the tax base
19 of the State and its political subdivisions;

20 (j) that the powers conferred by this Act promote and
21 protect the health, safety, morals, and welfare of the State,
22 and are for a public purpose and public use for which public
23 money and resources may be expended; and

24 (k) that the necessity in the public interest for the
25 provisions of this Act is hereby declared as a matter of
26 legislative determination.

1 Section 10. Definitions. In this Act:

2 "Base year" means the calendar year immediately prior to
3 the calendar year in which the Office of the Governor approves
4 the first STAR bond project within the STAR bond district.

5 "Commence work" means the manifest commencement of actual
6 operations on the development site, such as, erecting a
7 building, general on-site and off-site grading and utility
8 installations, commencing design and construction
9 documentation, ordering lead-time materials, excavating the
10 ground to lay a foundation or a basement, or work of like
11 description which a reasonable person would recognize as being
12 done with the intention and purpose to continue work until the
13 project is completed.

14 "Corporate authority" means the county board of a county,
15 the city council of a city, or the board of trustees of a
16 village or incorporated town.

17 "Department of Commerce and Economic Opportunity (DCEO)
18 Underserved Area" means any underserved area as defined in
19 Section 5-5 of the Economic Development for a Growing Economy
20 Tax Credit Act.

21 "De minimis" means an amount less than 15% of the land area
22 within a STAR bond district.

23 "Department" means the Department of Commerce and Economic
24 Opportunity of the State of Illinois.

25 "Department of Revenue" means the Department of Revenue of

1 the State of Illinois.

2 "Development user" means an owner, operator, licensee,
3 co-developer, sub-developer, or tenant (i) that operates a
4 business within a STAR bond district that is a retail store,
5 hotel, or entertainment venue; (ii) that at the time of
6 opening does not have another Illinois location within a
7 30-mile radius; and (iii) that makes an initial capital
8 investment, including project costs and other direct costs, of
9 not less than \$30,000,000 for such retail store, hotel, or
10 entertainment venue.

11 "Destination hotel" means a hotel (as that term is defined
12 in Section 2 of the Hotel Operators' Occupation Tax Act)
13 complex having at least 150 guest rooms and which also
14 includes a venue for entertainment attractions, rides, or
15 other activities oriented toward the entertainment and
16 amusement of its guests and other patrons.

17 "Developer" means any individual, corporation, trust,
18 estate, partnership, limited liability partnership, limited
19 liability company, or other entity. The term does not include
20 a not-for-profit entity, political subdivision, or other
21 agency or instrumentality of the State.

22 "Director" means the Director of Commerce and Economic
23 Opportunity.

24 "Economic development region" means the counties
25 encompassed within one of the ten economic development regions
26 recognized by the Department of Commerce and Economic

1 Opportunity.

2 "Eligible area" means any area that (i) is contiguous and
3 includes only parcels of real property directly and
4 substantially benefited by the proposed STAR bond district
5 plan, (ii) includes parcels located within a DCEO Underserved
6 Area, (iii) is located at least 50 miles from any existing STAR
7 bond district established under this Act or under the
8 Innovation Development and Economy Act, (iv) is located in an
9 area with not less than 10,000 residents within a one-mile
10 radius of the proposed district, and (v) is 15 miles or less
11 from either a state or federal interstate highway. The area
12 may be bisected by streets, highways, roads, alleys, railways,
13 bike paths, streams, rivers, and other waterways and still be
14 deemed contiguous. For an area to be an eligible area, the
15 governing body of the political subdivision must find that:

16 (1) the use, condition, and character of the buildings
17 in the district are not consistent with the purposes set
18 forth in Section 5;

19 (2) a STAR bond district within the area is expected
20 to create or retain job opportunities within the political
21 subdivision;

22 (3) a STAR bond district within the area will serve to
23 further the development of adjacent areas;

24 (4) without the availability of STAR bonds, the
25 projects described in the STAR bond district plan would
26 not be possible in the area;

1 (5) a STAR bond district will strengthen the
2 commercial sector of the political subdivision;

3 (6) a STAR bond district will enhance the tax base of
4 the political subdivision; and

5 (7) the formation of a STAR bond district is in the
6 best interest of the political subdivision.

7 These findings are subject to the review process provided
8 in Section 15(d) and (e).

9 "Entertainment venue" means a business that has a primary
10 use of providing a venue for entertainment attractions, rides,
11 or other activities oriented toward the entertainment and
12 amusement of its patrons.

13 "Feasibility study" means a feasibility study as defined
14 in subsection (b) of Section 20.

15 "Hotel" has the same meaning as provided in Section 2 of
16 the Hotel Operators' Occupation Tax Act.

17 "Infrastructure" means the public improvements and private
18 improvements that serve the public purposes set forth in
19 Section 5 of this Act and that benefit the STAR bond district
20 or any STAR bond projects, including, but not limited to,
21 streets, drives and driveways, traffic and directional signs
22 and signals, parking lots and parking facilities,
23 interchanges, highways, sidewalks, bridges, underpasses and
24 overpasses, bike and walking trails, sanitary storm sewers and
25 lift stations, drainage conduits, channels, levees, canals,
26 storm water detention and retention facilities, utilities and

1 utility connections, water mains and extensions, and street
2 and parking lot lighting and connections.

3 "Local sales taxes" means any locally-imposed taxes
4 received by a municipality, county, or other local
5 governmental entity arising from sales by retailers and
6 servicemen within a STAR bond district, including business
7 district sales taxes and STAR bond occupation taxes, and that
8 portion of the net revenue realized under the Retailers'
9 Occupation Tax Act, the Use Tax Act, the Service Use Tax Act,
10 and the Service Occupation Tax Act from transactions at places
11 of business located within a STAR bond district allocated from
12 the Local Government Tax Fund and the County and Mass Transit
13 District Fund. For the purpose of this Act, "local sales
14 taxes" does not include (i) any taxes authorized pursuant to
15 the Local Mass Transit District Act or the Metro-East Park and
16 Recreation District Act for so long as the applicable taxing
17 district does not impose a tax on real property, (ii) county
18 school facility and resources occupation taxes imposed
19 pursuant to Section 5-1006.7 of the Counties Code, (iii) any
20 taxes authorized under the Flood Prevention District Act, or
21 (iv) any taxes authorized under the Special County Occupation
22 Tax For Public Safety, Public Facilities, Mental Health,
23 Substance Abuse, or Transportation Law. "Local sales tax
24 increment" means, except as otherwise provided in this
25 Section, with respect to local sales taxes administered by the
26 Department of Revenue, (i) except with respect to the 0.25%

1 county portion of the 6.25% State rate, all of the local sales
2 tax paid by taxpayers in the district that is in excess of the
3 aggregate local sales tax paid by taxpayers in the district
4 for the same month in the base year, as determined by the
5 Department of Revenue, (ii) with respect to the 0.25% county
6 portion of the 6.25% State rate, in the case of a STAR bond
7 district that is partially or wholly within a municipality,
8 that portion of the 0.25% county portion of the 6.25% rate paid
9 by taxpayers in the district for sales made within the
10 corporate limits of the municipality that is in excess of the
11 aggregate local sales tax paid by taxpayers in the district
12 for sales made within the corporate limits of the municipality
13 for the same month in the base year, as determined by the
14 Department of Revenue, but only if the corporate authorities
15 of the county adopt an ordinance, and file a copy with the
16 Department of Revenue within the same time frames as required
17 for STAR bond occupation taxes under Section 31, that
18 designates the taxes referenced in this clause (ii) as part of
19 the local sales tax increment under this Act. "Local sales tax
20 increment" means, with respect to local sales taxes
21 administered by a municipality, county, or other unit of local
22 government, that portion of the local sales tax that is in
23 excess of the aggregate local sales tax in the district for the
24 same month in the base year, as determined by the respective
25 municipality, county, or other unit of local government. The
26 Department of Revenue shall allocate the local sales tax

1 increment only if the local sales tax is administered by the
2 Department.

3 "Local sales tax increment" means, with respect to local
4 sales taxes administered by the Department of Revenue, (i) all
5 of the local sales tax paid by destination users, destination
6 hotels, and entertainment users that is in excess of the local
7 sales tax paid by destination users, destination hotels, and
8 entertainment users for the same month in the base year, as
9 determined by the Department of Revenue, (ii) in the case of a
10 municipality forming a STAR bond district that is wholly
11 within the corporate boundaries of the municipality and in the
12 case of a municipality and county forming a STAR bond district
13 that is only partially within such municipality, that portion
14 of the local sales tax paid by taxpayers that are not
15 destination users, destination hotels, or entertainment users
16 that is in excess of the local sales tax paid by taxpayers that
17 are not destination users, destination hotels, or
18 entertainment users for the same month in the base year, as
19 determined by the Department of Revenue, and (iii) in the case
20 of a county in which a STAR bond district is formed that is
21 wholly within a municipality, that portion of the local sales
22 tax paid by taxpayers that are not destination users,
23 destination hotels, or entertainment users that is in excess
24 of the local sales tax paid by taxpayers that are not
25 destination users, destination hotels, or entertainment users
26 for the same month in the base year, as determined by the

1 Department of Revenue, but only if the corporate authorities
2 of the county adopts an ordinance, and files a copy with the
3 Department within the same time frames as required for STAR
4 bond occupation taxes under Section 31, that designates the
5 taxes referenced in this clause (iii) as part of the local
6 sales tax increment under this Act. "Local sales tax
7 increment" means, with respect to local sales taxes
8 administered by a municipality, county, or other unit of local
9 government, that portion of the local sales tax that is in
10 excess of the local sales tax for the same month in the base
11 year, as determined by the respective municipality, county, or
12 other unit of local government. If any portion of local sales
13 taxes are, at the time of formation of a STAR bond district,
14 already subject to tax increment financing under the Tax
15 Increment Allocation Redevelopment Act, then the local sales
16 tax increment for such portion shall be frozen at the base year
17 established in accordance with this Act, and all future
18 incremental increases shall be included in the "local sales
19 tax increment" under this Act. Any party otherwise entitled to
20 receipt of incremental local sales tax revenues through an
21 existing tax increment financing district shall be entitled to
22 continue to receive such revenues up to the amount frozen in
23 the base year. Nothing in this Act shall affect the prior
24 qualification of existing redevelopment project costs incurred
25 that are eligible for reimbursement under the Tax Increment
26 Allocation Redevelopment Act. In such event, prior to

1 approving a STAR bond district, the political subdivision
2 forming the STAR bond district shall take such action as is
3 necessary, including amending the existing tax increment
4 financing district redevelopment plan, to carry out the
5 provisions of this Act. The Department of Revenue shall
6 allocate the local sales tax increment only if the local sales
7 tax is administered by the Department.

8 "Market study" means a study to determine the ability of
9 the proposed STAR bond project to gain market share locally
10 and regionally and to remain profitable past the term of
11 repayment of STAR bonds.

12 "Master developer" means a developer cooperating with a
13 political subdivision to plan, develop, and implement a STAR
14 bond project plan for a STAR bond district. Subject to the
15 limitations of Section 25, the master developer may work with
16 and transfer certain development rights to other developers
17 for the purpose of implementing STAR bond project plans and
18 achieving the purposes of this Act. A master developer for a
19 STAR bond district shall be appointed by a political
20 subdivision in the resolution establishing the STAR bond
21 district, and the master developer must, at the time of
22 appointment, own or have control of, through purchase
23 agreements, option contracts, or other means, not less than
24 50% of the acreage within the STAR bond district and the master
25 developer or its affiliate must have ownership or control on
26 June 1, 2010.

1 "Market study" means a study to determine the ability of
2 the proposed STAR bond project to gain market share locally
3 and regionally and to remain profitable past the term of
4 repayment of STAR bonds.

5 "Master developer" means a developer cooperating with a
6 political subdivision to plan, develop, and implement a STAR
7 bond project plan for a STAR bond district. Subject to the
8 limitations of Section 25, the master developer may work with
9 and transfer certain development rights to other developers
10 for the purpose of implementing STAR bond project plans and
11 achieving the purposes of this Act. A master developer for a
12 STAR bond district shall be appointed by a political
13 subdivision in the resolution establishing the STAR bond
14 district, and the master developer or its affiliate must, at
15 the time of appointment, own or have control of, through
16 purchase agreements, option contracts, or other means, not
17 less than 50% of the acreage within the STAR bond district.

18 "Master developer" also means any successor developer who has
19 assumed the role and responsibilities of the original master
20 developer through the execution of an amended master
21 development agreement and has been approved as the master
22 developer through resolution by the applicable political
23 subdivision.

24 "Master development agreement" means an agreement between
25 the master developer (or any approved successor developers)
26 and the political subdivision to govern a STAR bond district

1 and any STAR bond projects.

2 "Municipality" means the city, village, or incorporated
3 town in which a proposed STAR bond district is located.

4 "Pledged STAR revenues" means those sales tax and revenues
5 and other sources of funds pledged to pay debt service on STAR
6 bonds or to pay project costs pursuant to Section 30.
7 Notwithstanding any provision to the contrary, the following
8 revenues shall not constitute pledged STAR revenues or be
9 available to pay principal and interest on STAR bonds: any
10 State sales tax increment or local sales tax increment from a
11 retail entity initiating operations in a STAR bond district
12 while terminating operations at another Illinois location
13 within 25 miles of the STAR bond district. For purposes of this
14 paragraph, "terminating operations" means a closing of a
15 retail operation that is directly related to the opening of
16 the same operation or like retail entity owned or operated by
17 more than 50% of the original ownership in a STAR bond district
18 within one year before or after initiating operations in the
19 STAR bond district, but it does not mean closing an operation
20 for reasons beyond the control of the retail entity, as
21 documented by the retail entity, subject to a reasonable
22 finding by the municipality (or county if such retail
23 operation is not located within a municipality) in which the
24 terminated operations were located that the closed location
25 contained inadequate space, had become economically obsolete,
26 or was no longer a viable location for the retailer or

1 serviceperson.

2 "Political subdivision" means a municipality or county
3 which undertakes to establish a STAR bond district pursuant to
4 the provisions of this Act.

5 "Project costs" means and includes the sum total of all
6 costs incurred or estimated to be incurred on or following the
7 date of establishment of a STAR bond district that are
8 reasonable or necessary to implement a STAR bond district plan
9 or any STAR bond project plans, or both, including costs
10 incurred for public improvements and private improvements that
11 serve the public purposes set forth in Section 5 of this Act.
12 Such costs include without limitation the following:

13 (1) costs of studies, surveys, development of plans
14 and specifications, formation, implementation, and
15 administration of a STAR bond district, STAR bond district
16 plan, any STAR bond projects, or any STAR bond project
17 plans, including, but not limited to, staff and
18 professional service costs for architectural, engineering,
19 legal, financial, planning, or other services, provided
20 however that no charges for professional services may be
21 based on a percentage of the tax increment collected and
22 no contracts for professional services, excluding
23 architectural and engineering services, may be entered
24 into if the terms of the contract extend beyond a period of
25 3 years;

26 (2) property assembly costs, including, but not

1 limited to, acquisition of land and other real property or
2 rights or interests therein, located within the boundaries
3 of a STAR bond district, demolition of buildings, site
4 preparation, site improvements that serve as an engineered
5 barrier addressing ground level or below ground
6 environmental contamination, including, but not limited
7 to, parking lots and other concrete or asphalt barriers,
8 the clearing and grading of land, and importing additional
9 soil and fill materials, or removal of soil and fill
10 materials from the site;

11 (3) subject to paragraph (d), costs of buildings and
12 other vertical improvements that are located within the
13 boundaries of a STAR bond district and owned by a
14 political subdivision or other public entity, including
15 without limitation police and fire stations, educational
16 facilities, and public restrooms and rest areas;

17 (4) costs of buildings and other vertical improvements
18 that are located within the boundaries of a STAR bond
19 district and owned by a development user except that only
20 2 development users, other than a hotel or entertainment
21 venue, in a STAR bond district and one hotel are eligible
22 to include the cost of those vertical improvements as
23 project costs;

24 (5) costs of buildings; rides and attractions, which
25 include carousels, slides, roller coasters, displays,
26 models, towers, works of art, and similar theme and

1 amusement park improvements; and other vertical
2 improvements that are located within the boundaries of a
3 STAR bond district and owned by an entertainment venue;
4 except that only one entertainment venue in a STAR bond
5 district is eligible to include the cost of those vertical
6 improvements as project costs;

7 (6) costs of the design and construction of
8 infrastructure and public works located within the
9 boundaries of a STAR bond district that are reasonable or
10 necessary to implement a STAR bond district plan or any
11 STAR bond project plans, or both, except that project
12 costs shall not include the cost of constructing a new
13 municipal public building principally used to provide
14 offices, storage space, or conference facilities or
15 vehicle storage, maintenance, or repair for
16 administrative, public safety, or public works personnel
17 and that is not intended to replace an existing public
18 building unless the political subdivision makes a
19 reasonable determination in a STAR bond district plan or
20 any STAR bond project plans, supported by information that
21 provides the basis for that determination, that the new
22 municipal building is required to meet an increase in the
23 need for public safety purposes anticipated to result from
24 the implementation of the STAR bond district plan or any
25 STAR bond project plans;

26 (7) costs of the design and construction of the

1 following improvements located outside the boundaries of a
2 STAR bond district, provided that the costs are essential
3 to further the purpose and development of a STAR bond
4 district plan and either (i) part of and connected to
5 sewer, water, or utility service lines that physically
6 connect to the STAR bond district or (ii) significant
7 improvements for adjacent offsite highways, streets,
8 roadways, and interchanges that are approved by the
9 Department of Transportation. No other cost of
10 infrastructure and public works improvements located
11 outside the boundaries of a STAR bond district may be
12 deemed project costs;

13 (8) costs of job training and retraining projects for
14 current and future employees of development users,
15 including programs implemented by businesses located
16 within a STAR bond district;

17 (9) financing costs, including, but not limited to,
18 all necessary and incidental expenses related to the
19 issuance of obligations and which may include payment of
20 interest on any obligations issued hereunder including
21 interest accruing during the estimated period of
22 construction of any improvements in a STAR bond district
23 or any STAR bond projects for which such obligations are
24 issued and for not exceeding 36 months thereafter and
25 including reasonable reserves related thereto;

26 (10) interest cost incurred by a developer for project

1 costs related to the acquisition, formation,
2 implementation, development, construction, and
3 administration of a STAR bond district, STAR bond district
4 plan, STAR bond projects, or any STAR bond project plans
5 provided that:

6 (A) payment of such costs in any one year may not
7 exceed 30% of the annual interest costs incurred by
8 the developer with regard to the STAR bond district or
9 any STAR bond projects during that year; and

10 (B) the total of such interest payments paid
11 pursuant to this Act may not exceed 30% of the total
12 cost paid or incurred by the developer for a STAR bond
13 district or STAR bond projects, plus project costs,
14 excluding any property assembly costs incurred by a
15 political subdivision pursuant to this Act;

16 (11) to the extent the political subdivision by
17 written agreement accepts and approves the same, all or a
18 portion of a taxing district's capital costs resulting
19 from a STAR bond district or STAR bond projects
20 necessarily incurred or to be incurred within a taxing
21 district in furtherance of the objectives of a STAR bond
22 district plan or STAR bond project plans;

23 (12) costs of common areas located within the
24 boundaries of a STAR bond district;

25 (13) costs of landscaping and plantings, retaining
26 walls and fences, man-made lakes and ponds, shelters,

1 benches, lighting, and similar amenities located within
2 the boundaries of a STAR bond district;

3 (14) costs of mounted building signs, site monument,
4 and pylon signs located within the boundaries of a STAR
5 bond district; or

6 (15) if included in the STAR bond district plan and
7 approved in writing by the Director, salaries or a portion
8 of salaries for local government employees to the extent
9 the same are directly attributable to the work of such
10 employees on the establishment and management of a STAR
11 bond district or any STAR bond projects.

12 Except as specified in items (a) through (m), "project
13 costs" shall not include:

14 (1) the cost of construction of buildings that are
15 privately owned or owned by a municipality or county and
16 leased to a development user for uses other than as a
17 retail store, hotel, or entertainment venue;

18 (2) moving expenses for employees of the businesses
19 locating within the STAR bond district;

20 (3) property taxes for property located in the STAR
21 bond district;

22 (4) lobbying costs; and

23 (5) general overhead or administrative costs of the
24 political subdivision that would still have been incurred
25 by the political subdivision if the political subdivision
26 had not established a STAR bond district.

1 "Project development agreement" means any one or more
2 agreements, including any amendments thereto, between a master
3 developer and any co-developer or subdeveloper in connection
4 with a STAR bond project, which project development agreement
5 may include the political subdivision as a party.

6 "Projected market area" means any area within the State in
7 which a STAR bond district or STAR bond project is projected to
8 have a significant fiscal or market impact as determined by
9 the Director.

10 "Resolution" means a resolution, order, ordinance, or
11 other appropriate form of legislative action of a political
12 subdivision or other applicable public entity approved by a
13 vote of a majority of a quorum at a meeting of the governing
14 body of the political subdivision or applicable public entity.

15 "STAR bond" means a sales tax and revenue bond, note, or
16 other obligation payable from pledged STAR revenues and issued
17 by a political subdivision, the proceeds of which shall be
18 used only to pay project costs as defined in this Act.

19 "STAR bond district" means the specific area declared to
20 be an eligible area as determined by the political
21 subdivision, and that has received approval by the State, in
22 which the political subdivision may develop one or more STAR
23 bond projects.

24 "STAR bond district plan" means the preliminary or
25 conceptual plan that generally identifies the proposed STAR
26 bond project areas and identifies in a general manner the

1 buildings, facilities, and improvements to be constructed or
2 improved in each STAR bond project area.

3 "STAR bond project" means a project within a STAR bond
4 district which is approved pursuant to Section 20.

5 "STAR bond project area" means the geographic area within
6 a STAR bond district in which there may be one or more STAR
7 bond projects.

8 "STAR bond project plan" means the written plan adopted by
9 a political subdivision for the development of a STAR bond
10 project in a STAR bond district; the plan may include, but is
11 not limited to, (i) project costs incurred prior to the date of
12 the STAR bond project plan and estimated future STAR bond
13 project costs, (ii) proposed sources of funds to pay those
14 costs, (iii) the nature and estimated term of any obligations
15 to be issued by the political subdivision to pay those costs,
16 (iv) the most recent equalized assessed valuation of the STAR
17 bond project area, (v) an estimate of the equalized assessed
18 valuation of the STAR bond district or applicable project area
19 after completion of a STAR bond project, (vi) a general
20 description of the types of any known or proposed developers,
21 users, or tenants of the STAR bond project or projects
22 included in the plan, (vii) a general description of the type,
23 structure, and character of the property or facilities to be
24 developed or improved, (viii) a description of the general
25 land uses to apply to the STAR bond project, and (ix) a general
26 description or an estimate of the type, class, and number of

1 employees to be employed in the operation of the STAR bond
2 project.

3 "State sales tax" means all of the net revenue realized
4 under the Retailers' Occupation Tax Act, the Use Tax Act, the
5 Service Use Tax Act, and the Service Occupation Tax Act from
6 transactions at places of business located within a STAR bond
7 district, excluding that portion of the net revenue realized
8 under the Retailers' Occupation Tax Act, the Use Tax Act, the
9 Service Use Tax Act, and the Service Occupation Tax Act from
10 transactions at places of business located within a STAR bond
11 district that is deposited into the Local Government Tax Fund
12 and the County and Mass Transit District Fund.

13 "State sales tax increment" means (i) 100% of that portion
14 of the aggregate State sales tax that is in excess of the
15 aggregate State sales tax for the same month in the base year,
16 as determined by the Department of Revenue, from transactions
17 at up to 2 development users located within a STAR bond
18 district, which development users shall be designated by the
19 master developer and approved by the political subdivision and
20 the Director in conjunction with the applicable STAR bond
21 project approval, and (ii) 25% of that portion of the
22 aggregate State sales tax that is in excess of the aggregate
23 State sales tax for the same month in the base year, as
24 determined by the Department of Revenue, from all other
25 transactions within a STAR bond district.

26 "Substantial change" means a change wherein the proposed

1 STAR bond project plan differs substantially in size, scope,
2 or use from the approved STAR bond district plan or STAR bond
3 project plan.

4 "Taxpayer" means an individual, partnership, corporation,
5 limited liability company, trust, estate, or other entity that
6 is subject to the Illinois Income Tax Act.

7 "Taxpayer" means an individual, partnership, corporation,
8 limited liability company, trust, estate, or other entity that
9 is subject to the Illinois Income Tax Act.

10 "Total development costs" means the aggregate public and
11 private investment in a STAR bond district, including project
12 costs and other direct and indirect costs related to the
13 development of the STAR bond district.

14 "Vacant" means that portion of the land in a proposed STAR
15 bond district that is not occupied by a building, facility, or
16 other vertical improvement.

17 Section 12. Limitations on STAR bond districts. The Office
18 of the Governor, in consultation with the Department, shall
19 have final approval of all STAR bond districts and STAR bond
20 projects established under this Act, which may be established
21 throughout the 10 Economic Development Regions in the State as
22 established by the Department of Commerce and Economic
23 Opportunity. Regardless of the number of STAR bond districts
24 established within any Economic Development Region, only one
25 STAR bond project may be approved in each of the 10 Regions,

1 excluding projects located in STAR bond districts established
2 under the Innovation Development and Economy Act. Each STAR
3 bond district in which a STAR bonds project has been approved
4 may only receive 50% of the total development costs up to
5 \$75,000,000 in State sales tax increment. A STAR bond district
6 under this Act may not be located either entirely or partially
7 inside of a municipality with a population in excess of
8 2,000,000.

9 Section 15. Establishment of STAR bond district. The
10 governing body of a municipality may establish a STAR bond
11 district within an eligible area within the municipality or
12 partially outside the boundaries of the municipality in an
13 unincorporated area of the county. A STAR bond district which
14 is partially outside the boundaries of the municipality must
15 also be approved by the governing body of the county by the
16 passage of a resolution. The governing body of a county may
17 establish a STAR bond district in an eligible area in any
18 unincorporated area of the county.

19 (a) When a political subdivision is interested in
20 establishing a STAR bond district, the political subdivision
21 must first provide notice to the Director of the Department of
22 Commerce and Economic Opportunity and the Director of the
23 Department of Revenue by July 1, 2026, of its intention to
24 establish a STAR bond district. After filing notice, the
25 political subdivision shall determine whether it satisfies the

1 statutory criteria to establish a STAR bond district
2 consistent with this Act. In this regard, the governing body
3 of the political subdivision shall adopt a resolution stating
4 that the political subdivision is considering the
5 establishment of a STAR bond district. The resolution shall:

6 (1) give notice, in the same manner as set forth in
7 item (2) of subsection (e) of Section 20, that a public
8 hearing will be held to consider the establishment of a
9 STAR bond district and fix the date, hour, and place of the
10 public hearing, which shall be at a location that is
11 within 20 miles of the STAR bond district, in a facility
12 that can accommodate a large crowd, and in a facility that
13 is accessible to persons with disabilities;

14 (2) describe the proposed general boundaries of the
15 STAR bond district;

16 (3) describe the STAR bond district plan;

17 (4) require that a description and map of the proposed
18 STAR bond district are available for inspection at a time
19 and place designated;

20 (5) identify the master developer for the STAR bond
21 district; and

22 (6) require that the governing body consider findings
23 necessary for the establishment of a STAR bond district.

24 (b) Upon the conclusion of the public hearing the
25 governing body of the political subdivision may consider a
26 resolution to establish the STAR bond district.

1 (1) A resolution to establish a STAR bond district
2 shall:

3 (A) make findings that the proposed STAR bond
4 district is to be developed with a STAR bond project;

5 (B) make findings that the STAR bond district is
6 an eligible area;

7 (C) contain a STAR bond district plan that
8 identifies in a general manner the buildings and
9 facilities that are proposed to be constructed or
10 improved in the subsequent STAR bond project and that
11 includes plans for at least one development user;

12 (D) contain the legal description of the STAR bond
13 district;

14 (E) appoint the master developer for the STAR bond
15 district; and

16 (F) establish the STAR bonds district, contingent
17 upon approval of the State as set forth in subsection
18 (d).

19 The master developer appointed for the STAR bond district
20 shall meet high standards of creditworthiness and financial
21 strength as demonstrated by one or more of the following: (i)
22 corporate debenture ratings of BBB or higher by Standard &
23 Poor's Corporation or Baa or higher by Moody's Investors
24 Service, Inc.; (ii) a letter from a financial institution with
25 assets of \$10,000,000 or more attesting to the financial
26 strength of the master developer; or (iii) specific evidence

1 of equity financing for not less than 10% of the estimated
2 total STAR bond project costs;

3 (2) If the resolution to establish a STAR bond
4 district is not adopted by the political subdivision
5 within 60 days from the conclusion of the public hearing,
6 then the STAR bond district shall not be established.

7 (3) Upon adoption of a resolution to establish a STAR
8 bond district, the political subdivision shall send a
9 certified copy of such resolution to the Director and the
10 Director of the Department of Revenue within 60 days of
11 the adoption of the resolution.

12 (c) Upon adoption of a resolution to establish a STAR bond
13 district, the STAR bond district and any STAR bond project
14 shall be governed by a master development agreement between
15 the political subdivision and the master developer. A STAR
16 bond district that is partially outside the boundaries of a
17 municipality shall only require one master development
18 agreement; the agreement shall be between the municipality and
19 the master developer. In no event shall there be more than one
20 master development agreement governing the terms and
21 conditions of a STAR bond district. The master development
22 agreement shall require the master developer to ensure
23 compliance with the following requirements to reduce the
24 ecological impact of the STAR bond district development: (i)
25 inclusion of pollution prevention, erosion, and sedimentation
26 control plans during construction; (ii) protection of

1 endangered species' habitat and wetlands mitigation; (iii)
2 preservation of at least 20% of the STAR bond district as green
3 space, including lawns, parks, landscaped areas, paths, lakes,
4 ponds, and other water features; (iv) promotion of the use of
5 renewable energy to the extent commercially feasible; (v)
6 implementation of recycling programs during construction and
7 at completed STAR bond projects; (vi) preservation of water
8 quality and promotion of water conservation through the use of
9 techniques such as reusing storm water and landscaping with
10 native and low-maintenance vegetation to reduce the need for
11 irrigation and fertilization; (vii) inclusion of comprehensive
12 lighting programs that reduce light pollution within the STAR
13 bond district; and (viii) promotion of shared parking between
14 different users to reduce the impact on project sites.

15 (d) Upon adoption of a resolution to establish a STAR bond
16 district, the political subdivision shall submit the proposed
17 STAR bond district plan to the Director for consideration. All
18 proposed STAR bond district plans must be submitted to the
19 Director on or before July 1, 2027 for consideration. The
20 Director shall make a recommendation to approve a STAR bond
21 district if the Director finds that: (i) the proposed STAR
22 bond district is an eligible area, (ii) the STAR bond district
23 plan includes a STAR bond project that would entail a
24 projected capital investment of at least \$30,000,000, (iii)
25 the STAR bond district plan includes a STAR bond project that
26 would be reasonably projected to produce at least \$60,000,000

1 of annual gross sales revenues and 300 new jobs, (iv) the STAR
2 bond district plan includes potential development users, (v)
3 the creation of the STAR bond district and STAR bond district
4 plan are in accordance with the purpose of this Act and the
5 public interest, and (vi) the STAR bond district and STAR bond
6 district plan meet any other requirement that the Director
7 deems appropriate. The Director shall send a copy of its
8 written findings and recommendation for approval or denial of
9 a STAR bond district to the Office of the Governor for review
10 and final action.

11 (e) Upon receipt of the Director's written findings and
12 recommendation, the Office of the Governor shall review the
13 submission and issue a final approval or denial of the STAR
14 bond district and send written notice of its approval or
15 denial to the requesting political subdivision.

16 (f) Starting on the fifth anniversary of the first date of
17 distribution of State sales tax increment from the approved
18 STAR bond project in the STAR bond district and continuing
19 each anniversary thereafter, the Director shall, in
20 consultation with the political subdivision and the master
21 developer, determine the total number of new jobs created
22 within the STAR bond district, the total development cost to
23 date, and the master developer's compliance with its
24 obligations under any written agreements with the State. If,
25 on the fifth anniversary of the first date of distribution of
26 State sales tax increment from the approved STAR bond project

1 in the STAR bond district, the Director determines that the
2 total development cost to date is not equal to or greater than
3 \$30,000,000, or that the master developer is in breach of any
4 written agreement with the State, then no new STAR bonds may be
5 issued in the STAR bond district until the total development
6 cost exceeds \$30,000,000 or the breach of agreement is cured,
7 or both. If, on the fifth anniversary of the first date of
8 distribution of State sales tax increment from the approved
9 STAR bond project in the STAR bond district, there are not at
10 least 300 new jobs existing in the STAR bond district, the
11 State may require the master developer to pay the State a
12 penalty of \$1,500 per job under 300 each year until the earlier
13 of (i) the twenty-third anniversary of the first date of
14 distribution of State sales tax increment from the approved
15 STAR bond project in the STAR bond district, (ii) the date that
16 all STAR bonds issued in the STAR bond district have been paid
17 off, or (iii) the date that at least 300 jobs have been created
18 in the STAR bond district. Upon creation of 300 jobs in the
19 STAR bond district, there shall not be an ongoing obligation
20 to maintain those jobs after the fifth anniversary of the
21 first date of distribution of State sales tax increment from
22 the approved STAR bond project in the STAR bond district, and
23 the master developer shall be relieved of any liability with
24 respect to job creation under this subsection. Notwithstanding
25 anything to the contrary in this subsection, the master
26 developer shall not be liable for the penalties set forth

1 under this subsection if the breach of agreement, failure to
2 reach at least \$30,000,000 in total development costs, or
3 failure to create 300 jobs is due to delays caused by force
4 majeure, as that term shall be defined in the master
5 development agreement.

6 Section 20. Approval of STAR bond projects. The Director
7 may only recommend the approval of one STAR bond project per
8 Economic Development Region regardless of the total number of
9 approved STAR bond districts located within a Region. The
10 governing body of a political subdivision seeking to establish
11 a STAR bond project in an approved STAR bond district must
12 submit a proposed STAR bond project plan to the Director
13 within 18 months of receiving approval of a STAR bond
14 district. A STAR bond project which is partially outside the
15 boundaries of a municipality must also be approved by the
16 governing body of the county by resolution.

17 (a) After the establishment of a STAR bond district, the
18 master developer may propose a STAR bond project to a
19 political subdivision and the master developer shall, in
20 cooperation with the political subdivision, prepare a STAR
21 bond project plan in consultation with the planning commission
22 of the political subdivision, if any. The STAR bond project
23 plan may be implemented in separate development stages.

24 (b) Any political subdivision considering a STAR bond
25 project within a STAR bond district shall notify the

1 Department, which shall cause to be prepared an independent
2 feasibility study by a feasibility consultant with certified
3 copies provided to the political subdivision, the Director,
4 and the Governor's Office of Management and Budget. The
5 feasibility study shall include the following:

6 (1) the estimated amount of pledged STAR revenues
7 expected to be collected in each year through the maturity
8 date of the proposed STAR bonds;

9 (2) a statement of how the jobs and taxes obtained
10 from the STAR bond project will contribute significantly
11 to the economic development of the State and region;

12 (3) visitation expectations;

13 (4) the unique quality of the project;

14 (5) an economic impact study;

15 (6) a market study;

16 (7) current and anticipated infrastructure analysis;

17 (8) integration and collaboration with other resources
18 or businesses;

19 (9) the quality of service and experience provided, as
20 measured against national consumer standards for the
21 specific target market;

22 (10) project accountability, measured according to
23 best industry practices;

24 (11) the expected return on State and local investment
25 that the STAR bond project is anticipated to produce; and

26 (12) an anticipated principal and interest payment

1 schedule on the STAR bonds.

2 The feasibility consultant, along with any other
3 consultants commissioned to perform the studies and other
4 analysis required by the feasibility study, shall be selected
5 by the Director. The consultants shall be retained by the
6 Director. The political subdivision must reimburse the
7 Department of Commerce and Economic Opportunity for the costs
8 of the feasibility study before the Director's recommendation
9 may be transmitted to the Governor. The political subdivision
10 may seek reimbursement from the master developer.

11 The failure to include all information enumerated in this
12 subsection in the feasibility study for a STAR bond project
13 shall not affect the validity of STAR bonds issued pursuant to
14 this Act.

15 (c) If the political subdivision determines the STAR bond
16 project is feasible, the STAR bond project plan shall include:

17 (1) a summary of the feasibility study;

18 (2) a reference to the STAR bond district plan that
19 identifies the STAR bond project area that is set forth in
20 the STAR bond project plan that is being considered;

21 (3) a legal description and map of the STAR bond
22 project area to be developed or redeveloped;

23 (4) a description of the buildings and facilities
24 proposed to be constructed or improved in such STAR bond
25 project area, including development users, as applicable;

26 (5) a copy of letters of intent to locate within the

1 STAR bond district signed by both the master developer and
2 the appropriate corporate officer of at least one
3 development user for the STAR bond project proposed within
4 the district; and

5 (6) any other information the governing body of the
6 political subdivision deems reasonable and necessary to
7 advise the public of the intent of the STAR bond project
8 plan.

9 (d) Before a political subdivision may hold a public
10 hearing to consider a STAR bond project plan, the political
11 subdivision must apply to the Department for its review and
12 recommendation and ultimate approval or denial by the Office
13 of the Governor of the STAR bond project plan. The governing
14 body of a political subdivision seeking to establish a STAR
15 bond project in an approved STAR bond district must submit a
16 proposed STAR bond project plan to the Department within 18
17 months of receiving approval of a STAR bond district for
18 consideration.

19 An application for approval of a STAR bond project plan
20 must not be approved by the State unless all of the components
21 of the feasibility study set forth in items (1) through (12) of
22 subsection (b) have been completed and submitted to the
23 Department for review and recommendation for approval or
24 denial. In addition to reviewing all of the other elements of
25 the STAR bond project plan required under subsection (c),
26 which must be included in the application (which plan must

1 include a letter or letters of intent as required under
2 subdivision (c)(5) in order to receive State approval), the
3 Director must review the feasibility study and consider all of
4 the components of the feasibility study set forth in items (1)
5 through (12) of subsection (b) of Section 20, including
6 without limitation the economic impact study and the financial
7 benefit of the proposed STAR bond project to the local,
8 regional, and State economies, the proposed adverse impacts on
9 similar businesses and projects as well as municipalities
10 within the market area, and the net effect of the proposed STAR
11 bond project on the local, regional, and State economies. In
12 addition to the economic impact study, the political
13 subdivision must also submit to the Department, as part of its
14 application, the financial and other information that
15 substantiates the basis for the conclusion of the economic
16 impact study, in the form and manner as required by the
17 Department, so that the Department can verify the results of
18 the study. In addition to any other criteria in this
19 subsection, for the State to approve the STAR bond project
20 plan, the Director must be satisfied that the proposed
21 development users are in fact true development users and find
22 that the STAR bond project plan is in accordance with the
23 purpose of this Act and the public interest. As part of its
24 review, the Department shall consult with the Department of
25 Revenue regarding the conclusions of the feasibility study as
26 it relates to the projected State and local sales tax

1 increments expected to be generated in the STAR bond district.
2 The Director shall recommend the approval of up to one STAR
3 bond project plan per Economic Development Region based on the
4 criteria in this subsection, subject to an aggregate
5 limitation on State sales tax increment of \$75,000,000 per
6 Economic Development Region. The Director shall send a copy of
7 its written findings and recommended approval or denial of a
8 STAR bond project plan to the Office of the Governor for final
9 action. Upon receipt of the Director's written findings and
10 recommendation, the Office of the Governor shall issue a final
11 approval or denial of up to one STAR bond project plan per
12 Economic Development Region based on the criteria in this
13 subsection, subject to an aggregate limitation on State sales
14 tax increment of \$75,000,000 per Economic Development Region
15 and send a written approval or denial to the requesting
16 political subdivision. In granting its approval, the Office of
17 the Governor may require the political subdivision to execute
18 a binding agreement or memorandum of understanding with the
19 State. The terms of the agreement or memorandum may include,
20 among other things, the political subdivision's repayment of
21 the State sales tax increment distributed to it should any
22 violation of the agreement or memorandum or this Act occur.

23 (e) Upon a finding by the planning and zoning commission
24 of the political subdivision, if any, that the STAR bond
25 project plan is consistent with the intent of the
26 comprehensive plan for the development of the political

1 subdivision and upon issuance of written approval of the STAR
2 bond project plan from the Office of the Governor pursuant to
3 subsection (d) of this Section 20, the governing body of the
4 political subdivision shall adopt a resolution stating that
5 the political subdivision is considering the adoption of the
6 STAR bond project plan. The resolution shall:

7 (1) give notice that a public hearing will be held to
8 consider the adoption of the STAR bond project plan and
9 fix the date, hour, and place of the public hearing;

10 (2) describe the general boundaries of the STAR bond
11 district within which the STAR bond project will be
12 located and the date of establishment of the STAR bond
13 district;

14 (3) describe the general boundaries of the area
15 proposed to be included within the STAR bond project area;

16 (4) provide that the STAR bond project plan and map of
17 the area to be redeveloped or developed are available for
18 inspection during regular office hours in the offices of
19 the political subdivision; and

20 (5) contain a summary of the terms and conditions of
21 any proposed project development agreement with the
22 political subdivision.

23 (f) A public hearing shall be conducted to consider the
24 adoption of any STAR bond project plan.

25 (1) The date fixed for the public hearing to consider
26 the adoption of the STAR bond project plan shall be not

1 less than 20 nor more than 90 days following the date of
2 the adoption of the resolution fixing the date of the
3 hearing.

4 (2) A copy of the political subdivision's resolution
5 providing for the public hearing shall be sent by
6 certified mail, return receipt requested, to the governing
7 body of the county. A copy of the political subdivision's
8 resolution providing for the public hearing shall be sent
9 by certified mail, return receipt requested, to each
10 person or persons in whose name the general taxes for the
11 last preceding year were paid on each parcel of land lying
12 within the proposed STAR bond project area within 10 days
13 following the date of the adoption of the resolution. The
14 resolution shall be published once in a newspaper of
15 general circulation in the political subdivision not less
16 than one week nor more than 3 weeks preceding the date
17 fixed for the public hearing. A map or aerial photo
18 clearly delineating the area of land proposed to be
19 included within the STAR bond project area shall be
20 published with the resolution.

21 (3) The hearing shall be held at a location that is
22 within 20 miles of the STAR bond district, in a facility
23 that can accommodate a large crowd, and in a facility that
24 is accessible to persons with disabilities.

25 (4) At the public hearing, a representative of the
26 political subdivision or master developer shall present

1 the STAR bond project plan. Following the presentation of
2 the STAR bond project plan, all interested persons shall
3 be given an opportunity to be heard. The governing body
4 may continue the date and time of the public hearing.

5 (g) Upon conclusion of the public hearing, the governing
6 body of the political subdivision may adopt the STAR bond
7 project plan by a resolution approving the STAR bond project
8 plan.

9 (h) After the adoption by the corporate authorities of the
10 political subdivision of a STAR bond project plan, the
11 political subdivision may enter into a project development
12 agreement if the master developer has requested the political
13 subdivision to be a party to the project development agreement
14 pursuant to subsection (b) of Section 25.

15 (i) Within 30 days after the adoption by the political
16 subdivision of a STAR bond project plan, the clerk of the
17 political subdivision shall transmit a copy of the legal
18 description of the land and a list of all new and existing
19 mailing addresses within the STAR bond district, a copy of the
20 resolution adopting the STAR bond project plan, and a map or
21 plat indicating the boundaries of the STAR bond project area
22 and STAR bond district to the clerk, treasurer, and governing
23 body of the county and to the Department and Department of
24 Revenue. Within 30 days of creation of any new mailing
25 addresses within a STAR bond district, the clerk of the
26 political subdivision shall provide written notice of such new

1 addresses to the Department and the Department of Revenue.

2 If a certified copy of the resolution adopting the STAR
3 bond project plan is filed with the Department of Revenue on or
4 before the first day of April, the Department of Revenue, if
5 all other requirements of this subsection are met, shall
6 proceed to collect and allocate any local sales tax increment
7 and any State sales tax increment in accordance with the
8 provisions of this Act as of the first day of July next
9 following the adoption and filing. If a certified copy of the
10 resolution adopting the STAR bond project plan is filed with
11 the Department of Revenue after April 1 but on or before the
12 first day of October, the Department of Revenue, if all other
13 requirements of this subsection are met, shall proceed to
14 collect and allocate any local sales tax increment and any
15 State sales tax increment in accordance with the provisions of
16 this Act as of the first day of January next following the
17 adoption and filing.

18 Any substantial changes to a STAR bond project plan as
19 adopted shall be subject to a public hearing following
20 publication of notice thereof in a newspaper of general
21 circulation in the political subdivision and approval by
22 resolution of the governing body of the political subdivision.

23 The Department of Revenue shall not collect or allocate
24 any local sales tax increment or State sales tax increment
25 until the political subdivision also provides, in the manner
26 prescribed by the Department of Revenue, the boundaries of the

1 STAR bond district and each address in the STAR bond district
2 in such a way that the Department of Revenue can determine by
3 its address whether a business is located in the STAR bond
4 district. The political subdivision must provide this boundary
5 and address information to the Department of Revenue, with a
6 copy to the Department, on or before April 1 for
7 administration and enforcement under this Act by the
8 Department of Revenue beginning on the following July 1 and on
9 or before October 1 for administration and enforcement under
10 this Act by the Department of Revenue beginning on the
11 following January 1. The Department of Revenue shall not
12 administer or enforce any change made to the boundaries of a
13 STAR bond district or any address change, addition, or
14 deletion until the political subdivision reports the boundary
15 change or address change, addition, or deletion to the
16 Department of Revenue, with a copy to the Department, in the
17 manner prescribed by the Department of Revenue. The political
18 subdivision must provide this boundary change or address
19 change, addition, or deletion information to the Department of
20 Revenue, with a copy to the Department, on or before April 1
21 for administration and enforcement by the Department of
22 Revenue of the change, addition, or deletion beginning on the
23 following July 1 and on or before October 1 for administration
24 and enforcement by the Department of Revenue of the change,
25 addition, or deletion beginning on the following January 1. If
26 a retailer is incorrectly included or excluded from the list

1 of those located in the STAR bond district, the Department of
2 Revenue shall be held harmless if it reasonably relied on
3 information provided by the political subdivision.

4 (j) Any STAR bond project must be approved by the
5 political subdivision prior to that date which is 23 years
6 from the date of the approval of the STAR bond district,
7 provided however that any amendments to such STAR bond project
8 may occur following such date.

9 (k) Any developer of a STAR bond project shall commence
10 work on the STAR bond project within 3 years from the date of
11 adoption of the STAR bond project plan. If the developer fails
12 to commence work on the STAR bond project within the 3-year
13 period, funding for the project shall cease and the developer
14 of the project or complex shall have one year to appeal to the
15 political subdivision for a one-time reapproval of the project
16 and funding. If the project is reapproved, the 3-year period
17 for commencement shall begin again on the date of the
18 reapproval. If the project is not reapproved or if the
19 developer again fails to commence work on the STAR bond
20 project within the second 3-year period, the project shall be
21 terminated, and the Department may accept applications for a
22 new STAR bond project in the Economic Development Region.

23 (l) After the adoption by the corporate authorities of the
24 political subdivision of a STAR bond project plan and approval
25 of the Office of the Governor pursuant to subsection (d), the
26 political subdivision may authorize the issuance of STAR bonds

1 in one or more series to finance the STAR bond project in
2 accordance with the provisions of this Act.

3 (m) The maximum maturity of STAR bonds issued to finance a
4 STAR bond project shall not exceed 23 years from the first date
5 of distribution of State sales tax increment from such STAR
6 bond project to the political subdivision unless the political
7 subdivision extends such maturity by resolution up to a
8 maximum of 35 years from such first distribution date. Any
9 such extension shall require the approval of the Office of the
10 Governor, upon the recommendation of the Director, after
11 consultation with the Department of Revenue and the Governor's
12 Office of Management and Budget. In no event shall the maximum
13 maturity date for any STAR bonds exceed that date which is 35
14 years from the first distribution date of the first STAR bonds
15 issued in a STAR bond district.

16 Section 25. Co-developers and sub-developers. Upon
17 approval of a STAR bond project by the political subdivision,
18 the master developer may, subject to the approval of the State
19 and the political subdivision, develop the STAR bond project
20 on its own or it may develop the STAR bond project with another
21 developer, which may include an assignment or transfer of
22 development rights.

23 (a) A master developer may sell, lease, or otherwise
24 convey its property interest in the STAR bond project area to a
25 co-developer or sub-developer.

1 (b) A master developer may enter into one or more
2 agreements with a co-developer or sub-developer in connection
3 with a STAR bond project, and the master developer may request
4 that the political subdivision become a party to the project
5 development agreement, or the master developer may request
6 that the political subdivision amend its master development
7 agreement to provide for certain terms and conditions that may
8 be related to the co-developer or sub-developer and the STAR
9 bond project. For any project development agreement which the
10 political subdivision would be a party or for any amendments
11 to the master development agreement, the terms and conditions
12 must be acceptable to both the master developer and the
13 political subdivision. The Director shall receive a copy of
14 the master development agreement and any amendments.

15 Section 30. STAR bonds; source of payment. Any political
16 subdivision shall have the power to issue STAR bonds in one or
17 more series to finance the undertaking of any STAR bond
18 project in accordance with the provisions of this Act and the
19 Omnibus Bond Acts. STAR bonds may be issued as revenue bonds,
20 alternate bonds, or general obligation bonds as defined in and
21 subject to the procedures provided in the Local Government
22 Debt Reform Act.

23 (a) STAR bonds may be made payable, both as to principal
24 and interest, from the following revenues, which to the extent
25 pledged by each respective political subdivision or other

1 public entity for such purpose shall constitute pledged STAR
2 revenues:

3 (1) revenues of the political subdivision derived from
4 or held in connection with the undertaking and carrying
5 out of any STAR bond project or projects under this Act;

6 (2) available private funds and contributions, grants,
7 tax credits, or other financial assistance from the State
8 or federal government;

9 (3) STAR bond occupation taxes created pursuant to
10 Section 31 and designated as pledged STAR revenues by the
11 political subdivision;

12 (4) all of the local sales tax increment of a
13 municipality, county, or other unit of local government;

14 (5) any special service area taxes collected within
15 the STAR bond district under the Special Service Area Tax
16 Act, may be used for the purposes of funding project costs
17 or paying debt service on STAR bonds in addition to the
18 purposes contained in the special service area plan;

19 (6) all of the State sales tax increment;

20 (7) any other revenues appropriated by the political
21 subdivision; and

22 (8) any combination of these methods.

23 (b) The political subdivision may pledge the pledged STAR
24 revenues to the repayment of STAR bonds prior to,
25 simultaneously with, or subsequent to the issuance of the STAR
26 bonds.

1 (c) Bonds issued as revenue bonds shall not be general
2 obligations of the political subdivision, nor in any event
3 shall they give rise to a charge against its general credit or
4 taxing powers, or be payable out of any funds or properties
5 other than those set forth in subsection (a) and the bonds
6 shall so state on their face.

7 (d) For each STAR bond project financed with STAR bonds
8 payable from the pledged STAR revenues, the political
9 subdivision shall prepare and submit to the Department, the
10 Department of Revenue, the Office of the Governor, and the
11 Governor's Office of Management and Budget by June 1 of each
12 year a report describing the status of the STAR bond project,
13 any expenditures of the proceeds of STAR bonds that have
14 occurred for the preceding calendar year, and any expenditures
15 of the proceeds of the bonds expected to occur in the future,
16 including the amount of pledged STAR revenue, the amount of
17 revenue that has been spent, the projected amount of the
18 revenue, and the anticipated use of the revenue. Each annual
19 report shall be accompanied by an affidavit of the master
20 developer certifying the contents of the report as true to the
21 best of the master developer's knowledge. The Department shall
22 have the right, but not the obligation, to request the Auditor
23 General to review the annual report and the political
24 subdivision's records containing the source information for
25 the report for the purpose of verifying the report's contents.
26 If the Auditor General declines the request for review, the

1 Department shall have the right to select an independent
2 third-party auditor to conduct an audit of the annual report
3 and the political subdivision's records containing the source
4 information for the report. The reasonable cost of the audit
5 shall be paid by the master developer. The master development
6 agreement shall grant the Department and the Auditor General
7 the right to review the records of the political subdivision
8 containing the source information for the report.

9 (e) As soon as possible after the first day of each month,
10 upon certification of the Department of Revenue, the
11 Comptroller shall order transferred, and the Treasurer shall
12 transfer, from the General Revenue Fund to the STAR Bonds
13 Revenue Fund the State sales tax increment for the second
14 preceding month, less 3% of that amount, which shall be
15 transferred into the Tax Compliance and Administration Fund
16 and shall be used by the Department of Revenue, subject to
17 appropriation, to cover the costs of the Department of Revenue
18 in administering the Statewide Innovation Development and
19 Economy Act. As soon as possible after the first day of each
20 month, upon certification of the Department of Revenue, the
21 Comptroller shall order transferred, and the Treasurer shall
22 transfer, from the Local Government Tax Fund to the STAR Bonds
23 Revenue Fund the local sales tax increment for the second
24 preceding month, as provided in Section 6z-18 of the State
25 Finance Act and from the County and Mass Transit District Fund
26 to the STAR Bonds Revenue Fund the local sales tax increment

1 for the second preceding month, as provided in Section 6z-20
2 of the State Finance Act. On or before the 25th day of each
3 calendar month, the Department of Revenue shall prepare and
4 certify to the Comptroller the disbursement of stated sums of
5 money out of the STAR Bonds Revenue Fund to named
6 municipalities and counties, the municipalities and counties
7 to be those entitled to distribution of taxes or penalties
8 paid to the Department of Revenue during the second preceding
9 calendar month. The amount to be paid to each municipality or
10 county shall be the amount of the State sales tax increment and
11 the local sales tax increment (not including credit memoranda
12 or the amount transferred into the Tax Compliance and
13 Administration Fund) collected during the second preceding
14 calendar month by the Department of Revenue from retailers and
15 servicepersons on transactions at places of business located
16 within a STAR bond district in that municipality or county,
17 plus an amount the Department of Revenue determines is
18 necessary to offset any amounts which were erroneously paid to
19 a different taxing body, and not including an amount equal to
20 the amount of refunds made during the second preceding
21 calendar month by the Department of Revenue, and not including
22 any amount which the Department of Revenue determines is
23 necessary to offset any amounts which are payable to a
24 different taxing body but were erroneously paid to the
25 municipality or county. Within 10 days after receipt by the
26 Comptroller of the disbursement certification to the

1 municipalities and counties, provided for in this Section to
2 be given to the Comptroller by the Department of Revenue, the
3 Comptroller shall cause the orders to be drawn for the
4 respective amounts in accordance with the directions contained
5 in such certification. When certifying the amount of monthly
6 disbursement to a municipality or county under this
7 subsection, the Department of Revenue shall increase or
8 decrease that amount by an amount necessary to offset any
9 misallocation of previous disbursements. The offset amount
10 shall be the amount erroneously disbursed within the 6 months
11 preceding the time a misallocation is discovered.

12 (f) The corporate authorities of the political subdivision
13 shall deposit the proceeds for the STAR Bonds Revenue Fund
14 into a special fund of the political subdivision called the
15 "[Name of political subdivision] STAR Bond District Revenue
16 Fund" for the purpose of paying or reimbursing STAR bond
17 project costs and obligations incurred in the payment of those
18 costs. If the political subdivision fails to issue STAR bonds
19 within 180 days after the first distribution to the political
20 subdivision from the STAR Bonds Revenue Fund, the Department
21 of Revenue shall cease distribution of the State sales tax
22 increment to the political subdivision, shall transfer any
23 State sales tax increment in the STAR Bonds Revenue Fund to the
24 General Revenue Fund, and shall cease deposits of State sales
25 tax increment amounts into the STAR Bonds Revenue Fund. The
26 political subdivision shall repay all of the State sales tax

1 increment distributed to the political subdivision to date,
2 which amounts shall be deposited into the General Revenue
3 Fund. If not repaid within 90 days after notice from the State,
4 the Department of Revenue shall withhold distributions to the
5 political subdivision from the Local Government Tax Fund until
6 the excess amount is repaid, which withheld amounts shall be
7 transferred to the General Revenue Fund. At such time as the
8 political subdivision notifies the Department of Revenue in
9 writing that it has issued STAR Bonds in accordance with this
10 Act and provides the Department with a copy of the political
11 subdivision's official statement, bond purchase agreements,
12 indenture, or other evidence of bond sale, the Department of
13 Revenue shall resume deposits of the State sales tax increment
14 into the STAR Bonds Revenue Fund and distribution of the State
15 sales tax increment to the political subdivision in accordance
16 with this Section.

17 (g) If at any time after the seventh anniversary of the
18 date of distribution of State sales tax increment from the
19 STAR bond project in the STAR bond district the Auditor
20 General determines that the portion of the aggregate proceeds
21 of STAR bonds issued to date that is derived from the State
22 sales tax increment pledged to pay STAR bonds in the STAR bond
23 district has exceeded 50% of the total development costs in
24 the STAR bond district, no additional STAR bonds may be issued
25 in the STAR bond district until the percentage is reduced to
26 50% or below. When the percentage has been reduced to 50% or

1 below, the master developer shall have the right, at its own
2 cost, to obtain a new audit prepared by an independent
3 third-party auditor verifying compliance and shall provide
4 such audit to the Auditor General for review and approval.
5 Upon the Auditor General's determination from the audit that
6 the percentage has been reduced to 50% or below, STAR bonds may
7 again be issued in the STAR bond district.

8 (h) Notwithstanding the provisions of the Tax Increment
9 Allocation Redevelopment Act, if any portion of property taxes
10 attributable to the increase in equalized assessed value
11 within a STAR bond district are, at the time of formation of
12 the STAR bond district, already subject to tax increment
13 financing under the Tax Increment Allocation Redevelopment
14 Act, then the tax increment for such portion shall be frozen at
15 the base year established in accordance with this Act, and all
16 future incremental increases over the base year shall not be
17 subject to tax increment financing under the Tax Increment
18 Allocation Redevelopment Act. Any party otherwise entitled to
19 receipt of incremental tax revenues through an existing tax
20 increment financing district shall be entitled to continue to
21 receive such revenues up to the amount frozen in the base year.
22 Nothing in this Act shall affect the prior qualification of
23 existing redevelopment project costs incurred that are
24 eligible for reimbursement under the Tax Increment Allocation
25 Redevelopment Act. In such event, prior to approving a STAR
26 bond district, the political subdivision forming the STAR bond

1 district shall take such action as is necessary, including
2 amending the existing tax increment financing district
3 redevelopment plan, to carry out the provisions of this Act.

4 Section 31. STAR bond occupation taxes.

5 (a) If the corporate authorities of a political
6 subdivision have established a STAR bond district and have
7 elected to impose a tax by ordinance pursuant to subsection
8 (b) or (c) of this Section, each year after the date of the
9 adoption of the ordinance and until all STAR bond project
10 costs and all political subdivision obligations financing the
11 STAR bond project costs, if any, have been paid in accordance
12 with the STAR bond project plans, but in no event longer than
13 the maximum maturity date of the last of the STAR bonds issued
14 for projects in the STAR bond district, all amounts generated
15 by the retailers' occupation tax and service occupation tax
16 shall be collected and the tax shall be enforced by the
17 Department of Revenue in the same manner as all retailers'
18 occupation taxes and service occupation taxes imposed in the
19 political subdivision imposing the tax. The corporate
20 authorities of the political subdivision shall deposit the
21 proceeds of the taxes imposed under subsections (b) and (c)
22 into either (i) a special fund held by the corporate
23 authorities of the political subdivision called the STAR Bonds
24 Tax Allocation Fund for the purpose of paying STAR bond
25 project costs and obligations incurred in the payment of those

1 costs if such taxes are designated as pledged STAR revenues by
2 resolution or ordinance of the political subdivision or (ii)
3 the political subdivision's general corporate fund if such
4 taxes are not designated as pledged STAR revenues by
5 resolution or ordinance.

6 The tax imposed under this Section by a municipality may
7 be imposed only on the portion of a STAR bond district that is
8 within the boundaries of the municipality. For any part of a
9 STAR bond district that lies outside of the boundaries of that
10 municipality, the municipality in which the other part of the
11 STAR bond district lies (or the county, in cases where a
12 portion of the STAR bond district lies in the unincorporated
13 area of a county) is authorized to impose the tax under this
14 Section on that part of the STAR bond district.

15 (b) The corporate authorities of a political subdivision
16 that has established a STAR bond district under this Act may,
17 by ordinance or resolution, impose a STAR Bond Retailers'
18 Occupation Tax upon all persons engaged in the business of
19 selling tangible personal property, other than an item of
20 tangible personal property titled or registered with an agency
21 of this State's government, at retail in the STAR bond
22 district at a rate not to exceed 1% of the gross receipts from
23 the sales made in the course of that business, to be imposed
24 only in 0.25% increments. The tax may not be imposed on
25 tangible personal property taxed at the 1% rate under the
26 Retailers' Occupation Tax Act. The tax may not be imposed on

1 aviation fuel for so long as the revenue use requirements of 49
2 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
3 political subdivision.

4 The tax imposed under this subsection and all civil
5 penalties that may be assessed as an incident thereof shall be
6 collected and enforced by the Department of Revenue. The
7 certificate of registration that is issued by the Department
8 of Revenue to a retailer under the Retailers' Occupation Tax
9 Act shall permit the retailer to engage in a business that is
10 taxable under any ordinance or resolution enacted pursuant to
11 this subsection without registering separately with the
12 Department of Revenue under such ordinance or resolution or
13 under this subsection. The Department of Revenue shall have
14 full power to administer and enforce this subsection, to
15 collect all taxes and penalties due under this subsection in
16 the manner hereinafter provided, and to determine all rights
17 to credit memoranda arising on account of the erroneous
18 payment of tax or penalty under this subsection. In the
19 administration of, and compliance with, this subsection, the
20 Department of Revenue and persons who are subject to this
21 subsection shall have the same rights, remedies, privileges,
22 immunities, powers, and duties, and be subject to the same
23 conditions, restrictions, limitations, penalties, exclusions,
24 exemptions, and definitions of terms and employ the same modes
25 of procedure, as are prescribed in Sections 1, 1a through 1o, 2
26 through 2-65 (in respect to all provisions therein other than

1 the State rate of tax), 2c through 2h, 3 (except as to the
2 disposition of taxes and penalties collected), 4, 5, 5a, 5b,
3 5c, 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10,
4 11, 12, 13, and 14 of the Retailers' Occupation Tax Act and all
5 provisions of the Uniform Penalty and Interest Act, as fully
6 as if those provisions were set forth herein.

7 If a tax is imposed under this subsection (b), a tax shall
8 also be imposed under subsection (c) of this Section.

9 (c) If a tax has been imposed under subsection (b), a STAR
10 Bond Service Occupation Tax shall also be imposed upon all
11 persons engaged, in the STAR bond district, in the business of
12 making sales of service, who, as an incident to making those
13 sales of service, transfer tangible personal property within
14 the STAR bond district, either in the form of tangible
15 personal property or in the form of real estate as an incident
16 to a sale of service. The tax shall be imposed at the same rate
17 as the tax imposed in subsection (b) and shall not exceed 1% of
18 the selling price of tangible personal property so transferred
19 within the STAR bond district, to be imposed only in 0.25%
20 increments. The tax may not be imposed on tangible personal
21 property taxed at the 1% rate under the Service Occupation Tax
22 Act. The tax may not be imposed on aviation fuel for so long as
23 the revenue use requirements of 49 U.S.C. 47107(b) and 49
24 U.S.C. 47133 are binding on the political subdivision.

25 The tax imposed under this subsection and all civil
26 penalties that may be assessed as an incident thereof shall be

1 collected and enforced by the Department of Revenue. The
2 certificate of registration that is issued by the Department
3 of Revenue to a retailer under the Retailers' Occupation Tax
4 Act or under the Service Occupation Tax Act shall permit the
5 registrant to engage in a business that is taxable under any
6 ordinance or resolution enacted pursuant to this subsection
7 without registering separately with the Department of Revenue
8 under that ordinance or resolution or under this subsection.
9 The Department of Revenue shall have full power to administer
10 and enforce this subsection, to collect all taxes and
11 penalties due under this subsection, to dispose of taxes and
12 penalties so collected in the manner hereinafter provided, and
13 to determine all rights to credit memoranda arising on account
14 of the erroneous payment of tax or penalty under this
15 subsection. In the administration of, and compliance with this
16 subsection, the Department of Revenue and persons who are
17 subject to this subsection shall have the same rights,
18 remedies, privileges, immunities, powers, and duties, and be
19 subject to the same conditions, restrictions, limitations,
20 penalties, exclusions, exemptions, and definitions of terms
21 and employ the same modes of procedure as are prescribed in
22 Sections 2, 2a through 2d, 3 through 3-50 (in respect to all
23 provisions therein other than the State rate of tax), 4
24 (except that the reference to the State shall be to the STAR
25 bond district), 5, 7, 8 (except that the jurisdiction to which
26 the tax shall be a debt to the extent indicated in that Section

1 8 shall be the political subdivision), 9 (except as to the
2 disposition of taxes and penalties collected, and except that
3 the returned merchandise credit for this tax may not be taken
4 against any State tax), 10, 11, 12 (except the reference
5 therein to Section 2b of the Retailers' Occupation Tax Act),
6 13 (except that any reference to the State shall mean the
7 political subdivision), the first paragraph of Section 15, and
8 Sections 16, 17, 18, 19 and 20 of the Service Occupation Tax
9 Act and all provisions of the Uniform Penalty and Interest
10 Act, as fully as if those provisions were set forth herein.

11 If a tax is imposed under this subsection (c), a tax shall
12 also be imposed under subsection (b) of this Section.

13 (d) Persons subject to any tax imposed under this Section
14 may reimburse themselves for their seller's tax liability
15 under this Section by separately stating the tax as an
16 additional charge, which charge may be stated in combination,
17 in a single amount, with State taxes that sellers are required
18 to collect under the Use Tax Act, in accordance with such
19 bracket schedules as the Department may prescribe.

20 Whenever the Department of Revenue determines that a
21 refund should be made under this Section to a claimant instead
22 of issuing a credit memorandum, the Department of Revenue
23 shall notify the State Comptroller, who shall cause the order
24 to be drawn for the amount specified and to the person named in
25 the notification from the Department of Revenue. The refund
26 shall be paid by the State Treasurer out of the STAR Bond

1 Retailers' Occupation Tax Fund.

2 Except as otherwise provided in this paragraph, the
3 Department of Revenue shall immediately pay over to the State
4 Treasurer, ex officio, as trustee, all taxes, penalties, and
5 interest collected under this Section for deposit into the
6 STAR Bond Retailers' Occupation Tax Fund. On or before the
7 25th day of each calendar month, the Department of Revenue
8 shall prepare and certify to the Comptroller the disbursement
9 of stated sums of money to named political subdivisions from
10 the STAR Bond Retailers' Occupation Tax Fund, the political
11 subdivisions to be those from which retailers have paid taxes
12 or penalties under this Section to the Department of Revenue
13 during the second preceding calendar month. The amount to be
14 paid to each political subdivision shall be the amount (not
15 including credit memoranda) collected under this Section
16 during the second preceding calendar month by the Department
17 of Revenue plus an amount the Department of Revenue determines
18 is necessary to offset any amounts that were erroneously paid
19 to a different taxing body, and not including an amount equal
20 to the amount of refunds made during the second preceding
21 calendar month by the Department of Revenue, less 3% of that
22 amount, which shall be deposited into the Tax Compliance and
23 Administration Fund and shall be used by the Department of
24 Revenue, subject to appropriation, to cover the costs of the
25 Department of Revenue in administering and enforcing the
26 provisions of this Section, on behalf of such political

1 subdivision, and not including any amount that the Department
2 of Revenue determines is necessary to offset any amounts that
3 were payable to a different taxing body but were erroneously
4 paid to the political subdivision. Within 10 days after
5 receipt by the Comptroller of the disbursement certification
6 to the political subdivisions provided for in this Section to
7 be given to the Comptroller by the Department, the Comptroller
8 shall cause the orders to be drawn for the respective amounts
9 in accordance with the directions contained in the
10 certification. The proceeds of the tax paid to political
11 subdivisions under this Section shall be deposited into either
12 (i) the STAR Bonds Tax Allocation Fund by the political
13 subdivision if the political subdivision has designated them
14 as pledged STAR revenues by resolution or ordinance or (ii)
15 the political subdivision's general corporate fund if the
16 political subdivision has not designated them as pledged STAR
17 revenues.

18 An ordinance or resolution imposing or discontinuing the
19 tax under this Section or effecting a change in the rate
20 thereof shall either (i) be adopted and a certified copy
21 thereof filed with the Department of Revenue on or before the
22 first day of April, whereupon the Department of Revenue, if
23 all other requirements of this Section are met, shall proceed
24 to administer and enforce this Section as of the first day of
25 July next following the adoption and filing; or (ii) be
26 adopted and a certified copy thereof filed with the Department

1 of Revenue on or before the first day of October, whereupon, if
2 all other requirements of this Section are met, the Department
3 of Revenue shall proceed to administer and enforce this
4 Section as of the first day of January next following the
5 adoption and filing.

6 The Department of Revenue shall not administer or enforce
7 an ordinance imposing, discontinuing, or changing the rate of
8 the tax under this Section until the political subdivision
9 also provides, in the manner prescribed by the Department of
10 Revenue, the boundaries of the STAR bond district and each
11 address in the STAR bond district in such a way that the
12 Department of Revenue can determine by its address whether a
13 business is located in the STAR bond district. The political
14 subdivision must provide this boundary and address information
15 to the Department of Revenue on or before April 1 for
16 administration and enforcement of the tax under this Section
17 by the Department of Revenue beginning on the following July 1
18 and on or before October 1 for administration and enforcement
19 of the tax under this Section by the Department of Revenue
20 beginning on the following January 1. The Department of
21 Revenue shall not administer or enforce any change made to the
22 boundaries of a STAR bond district or any address change,
23 addition, or deletion until the political subdivision reports
24 the boundary change or address change, addition, or deletion
25 to the Department of Revenue in the manner prescribed by the
26 Department of Revenue. The political subdivision must provide

1 this boundary change or address change, addition, or deletion
2 information to the Department of Revenue on or before April 1
3 for administration and enforcement by the Department of
4 Revenue of the change, addition, or deletion beginning on the
5 following July 1 and on or before October 1 for administration
6 and enforcement by the Department of Revenue of the change,
7 addition, or deletion beginning on the following January 1.
8 The retailers in the STAR bond district shall be responsible
9 for charging the tax imposed under this Section. If a retailer
10 is incorrectly included or excluded from the list of those
11 required to collect the tax under this Section, both the
12 Department of Revenue and the retailer shall be held harmless
13 if they reasonably relied on information provided by the
14 political subdivision.

15 A political subdivision that imposes the tax under this
16 Section must submit to the Department of Revenue any other
17 information as the Department of Revenue may require that is
18 necessary for the administration and enforcement of the tax.

19 When certifying the amount of a monthly disbursement to a
20 political subdivision under this Section, the Department of
21 Revenue shall increase or decrease the amount by an amount
22 necessary to offset any misallocation of previous
23 disbursements. The offset amount shall be the amount
24 erroneously disbursed within the previous 6 months from the
25 time a misallocation is discovered.

26 Nothing in this Section shall be construed to authorize

1 the political subdivision to impose a tax upon the privilege
2 of engaging in any business which under the Constitution of
3 the United States may not be made the subject of taxation by
4 this State.

5 (e) When STAR bond project costs, including, without
6 limitation, all political subdivision obligations financing
7 STAR bond project costs, have been paid, any surplus funds
8 then remaining in the STAR Bonds Tax Allocation Fund shall be
9 distributed to the treasurer of the political subdivision for
10 deposit into the political subdivision's general corporate
11 fund. Upon payment of all STAR bond project costs and
12 retirement of obligations, but in no event later than the
13 maximum maturity date of the last of the STAR bonds issued in
14 the STAR bond district, the political subdivision shall adopt
15 an ordinance immediately rescinding the taxes imposed pursuant
16 to this Section and file a certified copy of the ordinance with
17 the Department of Revenue in the form and manner as described
18 in this Section.

19 Section 33. STAR Bonds School Improvement and Operations
20 Trust Fund.

21 (a) Deposits into the STAR Bonds School Improvement and
22 Operations Trust Fund, established under Section 33 of the
23 Innovation Development and Economy Act, shall be made as
24 provided under this Section. Moneys in the Trust Fund shall be
25 used by the Department of Revenue only for the purpose of

1 making payments to regional superintendents of schools to make
2 distributions to school districts in educational service
3 regions that include the STAR bond district. Moneys in the
4 Trust Fund are not subject to appropriation and shall be used
5 solely as provided in this Section. All deposits into the
6 Trust Fund shall be held in the Trust Fund by the State
7 Treasurer as ex officio custodian separate and apart from all
8 public moneys or funds of this State and shall be distributed
9 by the Department of Revenue exclusively for the purposes set
10 forth in this Section. All moneys in the Trust Fund shall be
11 invested and reinvested by the State Treasurer. All interest
12 accruing from these investments shall be deposited in the
13 Trust Fund.

14 (b) Upon approval of a STAR bond district, the political
15 subdivision shall immediately transmit to the county clerk of
16 the county in which the district is located a certified copy of
17 the ordinance creating the district, a legal description of
18 the district, a map of the district, identification of the
19 year that the county clerk shall use for determining the total
20 initial equalized assessed value of the district consistent
21 with subsection (c), and a list of the parcel or tax
22 identification number of each parcel of property included in
23 the district.

24 (c) Upon approval of a STAR bond district, the county
25 clerk immediately thereafter shall determine (i) the most
26 recently ascertained equalized assessed value of each lot,

1 block, tract, or parcel of real property within the STAR bond
2 district, from which shall be deducted the homestead
3 exemptions under Article 15 of the Property Tax Code, which
4 value shall be the initial equalized assessed value of each
5 such piece of property, and (ii) the total equalized assessed
6 value of all taxable real property within the district by
7 adding together the most recently ascertained equalized
8 assessed value of each taxable lot, block, tract, or parcel of
9 real property within the district, from which shall be
10 deducted the homestead exemptions under Article 15 of the
11 Property Tax Code, and shall certify that amount as the total
12 initial equalized assessed value of the taxable real property
13 within the STAR bond district.

14 (d) In reference to any STAR bond district created within
15 any political subdivision, and in respect to which the county
16 clerk has certified the total initial equalized assessed value
17 of the property in the area, the political subdivision may
18 thereafter request the clerk in writing to adjust the initial
19 equalized value of all taxable real property within the STAR
20 bond district by deducting therefrom the exemptions under
21 Article 15 of the Property Tax Code applicable to each lot,
22 block, tract, or parcel of real property within the STAR bond
23 district. The county clerk shall immediately, after the
24 written request to adjust the total initial equalized value is
25 received, determine the total homestead exemptions in the STAR
26 bond district as provided under Article 15 of the Property Tax

1 Code by adding together the homestead exemptions provided by
2 said Article on each lot, block, tract, or parcel of real
3 property within the STAR bond district and then shall deduct
4 the total of said exemptions from the total initial equalized
5 assessed value. The county clerk shall then promptly certify
6 that amount as the total initial equalized assessed value as
7 adjusted of the taxable real property within the STAR bond
8 district.

9 (e) The county clerk or other person authorized by law
10 shall compute the tax rates for each taxing district with all
11 or a portion of its equalized assessed value located in the
12 STAR bond district. The rate per cent of tax determined shall
13 be extended to the current equalized assessed value of all
14 property in the district in the same manner as the rate per
15 cent of tax is extended to all other taxable property in the
16 taxing district.

17 (f) Beginning with the assessment year in which the first
18 development user in the first STAR bond project in a STAR bond
19 district makes its first retail sales and for each assessment
20 year thereafter until final maturity of the last STAR bonds
21 issued in the district, the county clerk or other person
22 authorized by law shall determine the increase in equalized
23 assessed value of all real property within the STAR bond
24 district by subtracting the initial equalized assessed value
25 of all property in the district certified under subsection (c)
26 from the current equalized assessed value of all property in

1 the district. Each year, the property taxes arising from the
2 increase in equalized assessed value in the STAR bond district
3 shall be determined for each taxing district and shall be
4 certified to the county collector.

5 (g) Beginning with the year in which taxes are collected
6 based on the assessment year in which the first development
7 user in the first STAR bond project in a STAR bond district
8 makes its first retail sales and for each year thereafter
9 until final maturity of the last STAR bonds issued in the
10 district, the county collector shall, within 30 days after
11 receipt of property taxes, transmit to the Department of
12 Revenue to be deposited into the STAR Bonds School Improvement
13 and Operations Trust Fund 15% of property taxes attributable
14 to the increase in equalized assessed value within the STAR
15 bond district from each taxing district as certified in
16 subsection (f).

17 (h) The Department of Revenue shall pay to the regional
18 superintendent of schools whose educational service region
19 includes a STAR bond district, for each year for which money is
20 remitted to the Department of Revenue and paid into the STAR
21 Bonds School Improvement and Operations Trust Fund, the money
22 in the Fund as provided in this Section. The amount paid to
23 each school district shall be allocated proportionately by the
24 regional superintendent of schools, based on each qualifying
25 school district's fall enrollment for the then-current school
26 year, such that the school district with the largest fall

1 enrollment receives the largest proportionate share of money
2 paid out of the Fund or by any other method or formula that the
3 regional superintendent of schools deems fit, equitable, and
4 in the public interest. The regional superintendent may
5 allocate moneys to school districts that are outside of the
6 regional superintendent's educational service region or to
7 other regional superintendents.

8 The Department of Revenue shall be held harmless for the
9 distributions made under this Section and all distributions
10 shall be final.

11 (i) In any year that an assessment appeal is filed, the
12 extension of taxes on any assessment so appealed shall not be
13 delayed. In the case of an assessment that is altered, any
14 taxes extended upon the unauthorized assessment or part
15 thereof shall be abated, or, if already paid, shall be
16 refunded with interest as provided in Section 23-20 of the
17 Property Tax Code. In the case of an assessment appeal, the
18 county collector shall notify the Department of Revenue that
19 an assessment appeal has been filed and the amount of the tax
20 that would have been deposited in the STAR Bonds School
21 Improvement and Operations Trust Fund. The county collector
22 shall hold that amount in a separate fund until the appeal
23 process is final. After the appeal process is finalized, the
24 county collector shall transmit to the Department of Revenue
25 the amount of tax that remains, if any, after all required
26 refunds are made.

1 (j) In any year that ad valorem taxes are allocated to the
2 STAR Bonds School Improvement and Operations Trust Fund, that
3 allocation shall not reduce or otherwise impact the school aid
4 provided to any school district under the general State school
5 aid formula provided for in Section 18-8.05 of the School Code
6 or the evidence-based funding formula provided for in Section
7 18-8.15 of the School Code.

8 Section 35. Alternate bonds and general obligation bonds.
9 A political subdivision shall have the power to issue
10 alternate revenue and other general obligation bonds to
11 finance the undertaking, establishment, or redevelopment of
12 any STAR bond project as provided and pursuant to the
13 procedures set forth in the Local Government Debt Reform Act.
14 A political subdivision shall have the power to issue general
15 obligation bonds to finance the undertaking, establishment, or
16 redevelopment of any STAR bond project on approval by the
17 voters of the political subdivision of a proposition
18 authorizing the issue of such bonds.

19 The full faith and credit of the State, any department,
20 authority, public corporation or quasi-public corporation of
21 the State, any State college or university, or any other
22 public agency created by the State shall not be pledged for any
23 payment under any obligation authorized by this Act.

24 Section 40. Amendments to STAR bond district. Any addition

1 of real property to a STAR bond district or any substantial
2 change to a STAR bond district plan shall be subject to the
3 same procedure for public notice, hearing, and approval -
4 including approval by the Department and the Office of the
5 Governor - as is required for the establishment of the STAR
6 bond district pursuant to this Act.

7 (a) The addition or removal of land to or from a STAR bond
8 district shall require the consent of the master developer of
9 the STAR bond district.

10 (b) Any land that is outside of, but is contiguous to an
11 established STAR bond district and is subsequently owned,
12 leased, or controlled by the master developer shall be added
13 to a STAR bond district at the request of the master developer
14 and by approval of the political subdivision, provided that
15 the land becomes a part of a STAR bond project area.

16 (c) If a political subdivision has undertaken a STAR bond
17 project within a STAR bond district, and the political
18 subdivision desires to subsequently remove more than a de
19 minimis amount of real property from the STAR bond district,
20 then prior to any removal of property the political
21 subdivision must provide a revised feasibility study showing
22 that the pledged STAR revenues from the resulting STAR bond
23 district within which the STAR bond project is located are
24 estimated to be sufficient to pay the project costs. If the
25 revenue from the resulting STAR bond district is insufficient
26 to pay the project costs, then the property may not be removed

1 from the STAR bond district. Any removal of real property from
2 a STAR bond district shall be approved by a resolution of the
3 governing body of the political subdivision.

4 Section 45. Restrictions. STAR bond districts may lie
5 within an enterprise zone. STAR bond districts may overlay and
6 benefit from existing tax increment financing districts
7 created pursuant to the Tax Increment Allocation Redevelopment
8 Act, but no portion of a STAR bond project shall be financed
9 with tax increment financing under said Act. During any period
10 of time that STAR bonds are outstanding for a STAR bond
11 district, a developer may not use any land located in the STAR
12 bond district for any (i) retail store whose primary business
13 is the sale of automobiles, including trucks and other
14 automotive vehicles with 4 wheels designed for passenger
15 transportation on public streets and thoroughfares or (ii)
16 multi-screen motion picture theater complexes containing more
17 than 12 auditoriums for viewing motion pictures. No STAR bond
18 district may contain more than 900,000 square feet of floor
19 space devoted to traditional retail use.

20 Section 50. Reporting taxes. Notwithstanding any other
21 provisions of law to the contrary, the Department of Revenue
22 shall provide a certified report of the State sales tax
23 increment and local sales tax increment from all taxpayers
24 within a STAR bond district to the bond trustee, escrow agent,

1 or paying agent for such bonds upon the written request of the
2 political subdivision on or before the 25th day of each month.
3 Such report shall provide a detailed allocation of State sales
4 tax increment and local sales tax increment from each local
5 sales tax and State sales tax reported to the Department of
6 Revenue.

7 (a) The bond trustee, escrow agent, or paying agent shall
8 keep such sales and use tax reports and the information
9 contained therein confidential, but may use such information
10 for purposes of allocating and depositing the sales and use
11 tax revenues in connection with the bonds used to finance
12 project costs in such STAR bond district. Except as otherwise
13 provided herein, the sales and use tax reports received by the
14 bond trustee, escrow agent, or paying agent shall be subject
15 to the confidentiality provisions of Section 11 of the
16 Retailers' Occupation Tax Act.

17 (b) The political subdivision shall determine when the
18 amount of sales tax and other revenues that have been
19 collected and distributed to the bond debt service or reserve
20 fund is sufficient to satisfy all principal and interest costs
21 to the maturity date or dates of any STAR bond issued by a
22 political subdivision to finance a STAR bond project and shall
23 give the Department of Revenue written notice of such
24 determination. The notice shall include a date certain on
25 which deposits into the STAR Bonds Revenue Fund for that STAR
26 bond project shall terminate and shall be provided to the

1 Department of Revenue at least 60 days prior to that date.
2 Thereafter, all sales tax and other revenues shall be
3 collected and distributed in accordance with applicable law.

4 If the political subdivision fails to give timely notice
5 under this subsection (b), the Department of Revenue, upon
6 discovery of this failure, shall cease distribution of the
7 State sales tax increment to the political subdivision, shall
8 transfer any State sales tax increment in the STAR Bonds
9 Revenue Fund to the General Revenue Fund, and shall cease
10 deposits of State sales tax increment amounts into the STAR
11 Bonds Revenue Fund. Any amount of State sales tax increment
12 distributed to the political subdivision from the STAR Bonds
13 Revenue Fund in excess of the amount sufficient to satisfy all
14 principal and interest costs to the maturity date or dates of
15 any STAR bond issued by the political subdivision to finance a
16 STAR bond project shall be repaid to the Department of Revenue
17 and deposited into the General Revenue Fund. If not repaid
18 within 90 days after notice from the State, the Department of
19 Revenue shall withhold distributions to the political
20 subdivision from the Local Government Tax Fund until the
21 excess amount is repaid, which withheld amounts shall be
22 transferred to the General Revenue Fund.

23 Section 52. Review committee. Upon the seventh anniversary
24 of the first date of distribution of State sales tax increment
25 from the first STAR bond project in the State under this Act, a

1 7-member STAR bonds review committee shall be formed
2 consisting of one appointee of each of the Director, the
3 Director of the Governor's Office of Management and Budget,
4 the Director of the Department of Revenue, the President of
5 the Senate, the Senate Minority Leader, the Speaker of the
6 House, and the House Minority Leader. The review committee
7 shall evaluate the success of all STAR bond districts then
8 existing in the State and make a determination of the
9 comprehensive economic benefits and detriments of STAR bonds
10 in the State as a whole. In making its determination, the
11 review committee shall examine available data regarding job
12 creation, sales revenues, and capital investment in STAR bond
13 districts; development that has occurred and is planned in
14 areas adjacent to STAR bond districts that will not be
15 directly financed with STAR bonds; effects of market
16 conditions on STAR bond districts and the likelihood of future
17 successes based on improving or declining market conditions;
18 retail sales migration and cannibalization of retail sales due
19 to STAR bond districts; and other relevant economic factors.
20 The review committee shall provide the Director, the Director
21 of the Governor's Office of Management and Budget, the
22 Director of the Department of Revenue, the General Assembly,
23 and the Governor with a written report detailing its findings
24 and shall make a final determination of whether STAR bonds
25 have had, and are likely to continue having, a negative or
26 positive economic impact on the State as a whole. Upon

1 completing and filing its written report, the review committee
2 shall be dissolved.

3 Section 55. Severability. If any provision of this Act or
4 the application thereof to any persons or circumstances is
5 held invalid, such invalidity shall not affect other
6 provisions or application of the Act that can be given effect
7 without the invalid provisions or application and to this end
8 the provisions of this Act are declared to be severable.

9 Section 57. Rules. The Department and the Department of
10 Revenue shall have the authority to adopt such rules as are
11 reasonable and necessary to implement the provisions of this
12 Act. Notwithstanding the foregoing, the Department and the
13 Department of Revenue shall have the authority, prior to
14 adoption and approval of those rules, to consult on and
15 recommend approval of a STAR bond district in accordance with
16 subsection (d) of Section 20 and to otherwise administer the
17 Act while those rules are pending adoption and approval.

18 Section 60. Open meetings and freedom of information. All
19 public hearings related to the administration, formation,
20 implementation, development, or construction of a STAR bond
21 district, STAR bond district plan, STAR bond project, or STAR
22 bond project plan, including but not limited to the public
23 hearings required by Sections 15, 20, and 40 of this Act, shall

1 be held in compliance with the Open Meetings Act. The public
2 hearing records, feasibility study, and other documents that
3 do not otherwise meet a confidentiality exemption shall be
4 subject to disclosure under the Freedom of Information Act.

5 Section 62. Powers of political subdivisions. The
6 provisions of this Act are intended to be supplemental and in
7 addition to all other power or authority granted to political
8 subdivisions, shall be construed liberally, and shall not be
9 construed as a limitation of any power or authority otherwise
10 granted. In addition to the powers a political subdivision may
11 have under other provisions of law, a political subdivision
12 shall have all of the following powers in connection with a
13 STAR bond district:

14 (a) To make and enter into all contracts necessary or
15 incidental to the implementation and furtherance of a STAR
16 bond district plan.

17 (b) Within a STAR bond district, to acquire by purchase,
18 donation, or lease, and to own, convey, lease, mortgage, or
19 dispose of land and other real or personal property or rights
20 or interests in property and to grant or acquire licenses,
21 easements, and options with respect to property, all in the
22 manner and at a price the political subdivision determines is
23 reasonably necessary to achieve the objectives of the STAR
24 bond project.

25 (c) To clear any area within a STAR bond district by

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

4 (d) To install, repair, construct, reconstruct, extend or
5 relocate public streets, public utilities, and other public
6 site improvements located both within and outside the
7 boundaries of a STAR bond district that are essential to the
8 preparation of a STAR bond district for use in accordance with
9 a STAR bond district plan.

10 (e) To renovate, rehabilitate, reconstruct, relocate,
11 repair, or remodel any existing buildings, improvements, and
12 fixtures within a STAR bond district.

13 (f) To install or construct any public buildings,
14 structures, works, streets, improvements, utilities, or
15 fixtures within a STAR bond district.

16 (g) To issue STAR bonds as provided in this Act.

17 (h) Subject to the limitations set forth in the definition
18 of "project costs" in Section 10 of this Act, to fix, charge,
19 and collect fees, rents, and charges for the use of any
20 building, facility, or property or any portion of a building,
21 facility, or property owned or leased by the political
22 subdivision in furtherance of a STAR bond project under this
23 Act within a STAR bond district.

24 (i) To accept grants, guarantees, donations of property or
25 labor, or any other thing of value for use in connection with a
26 STAR bond project.

1 (j) To pay or cause to be paid STAR bond project costs,
2 including, specifically, to reimburse any developer or
3 nongovernmental person for STAR bond project costs incurred by
4 that person. A political subdivision is not required to obtain
5 any right, title, or interest in any real or personal property
6 in order to pay STAR bond project costs associated with the
7 property. The political subdivision shall adopt accounting
8 procedures necessary to determine that the STAR bond project
9 costs are properly paid.

10 (k) To exercise any and all other powers necessary to
11 effectuate the purposes of this Act.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.