

1 AN ACT concerning local government.

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

4 Section 5. The Illinois Municipal Code is amended by
5 changing Section 11-74.3-6 as follows:

6 (65 ILCS 5/11-74.3-6)

7 Sec. 11-74.3-6. Business district revenue and obligations;
8 business district tax allocation fund.

9 (a) If the corporate authorities of a municipality have
10 approved a business district plan, have designated a business
11 district, and have elected to impose a tax by ordinance
12 pursuant to subsection (10) or (11) of Section 11-74.3-3, then
13 each year after the date of the approval of the ordinance but
14 terminating upon the date all business district project costs
15 and all obligations paying or reimbursing business district
16 project costs, if any, have been paid, but in no event later
17 than the dissolution date, all amounts generated by the
18 retailers' occupation tax and service occupation tax shall be
19 collected and the tax shall be enforced by the Department of
20 Revenue in the same manner as all retailers' occupation taxes
21 and service occupation taxes imposed in the municipality
22 imposing the tax and all amounts generated by the hotel
23 operators' occupation tax shall be collected and the tax shall

1 be enforced by the municipality in the same manner as all hotel
2 operators' occupation taxes imposed in the municipality
3 imposing the tax. The corporate authorities of the
4 municipality shall deposit the proceeds of the taxes imposed
5 under subsections (10) and (11) of Section 11-74.3-3 into a
6 special fund of the municipality called the "[Name of]
7 Business District Tax Allocation Fund" for the purpose of
8 paying or reimbursing business district project costs and
9 obligations incurred in the payment of those costs.
10 Notwithstanding any other provision of this Act, a
11 municipality may, by a two-thirds vote of its corporate
12 authorities, transfer money among the Business District Tax
13 Allocation Funds of business districts if the business
14 districts are under the control of the municipality and the
15 transferred money is used for the purposes of paying business
16 district project costs as defined in this Act. All such
17 transfers shall be documented and reported annually to the
18 municipal corporate authorities, and that documentation shall
19 be made available to the public.

20 (b) The corporate authorities of a municipality that has
21 designated a business district under this Law may, by
22 ordinance, impose a Business District Retailers' Occupation
23 Tax upon all persons engaged in the business of selling
24 tangible personal property, other than an item of tangible
25 personal property titled or registered with an agency of this
26 State's government, at retail in the business district at a

1 rate not to exceed 1% of the gross receipts from the sales made
2 in the course of such business, to be imposed only in 0.25%
3 increments. The tax may not be imposed on tangible personal
4 property taxed at the rate of 1% under the Retailers'
5 Occupation Tax Act (or at the 0% rate imposed under this
6 amendatory Act of the 102nd General Assembly). Beginning
7 December 1, 2019 and through December 31, 2020, this tax is not
8 imposed on sales of aviation fuel unless the tax revenue is
9 expended for airport-related purposes. If the District does
10 not have an airport-related purpose to which it dedicates
11 aviation fuel tax revenue, then aviation fuel is excluded from
12 the tax. Each municipality must comply with the certification
13 requirements for airport-related purposes under Section 2-22
14 of the Retailers' Occupation Tax Act. For purposes of this
15 Section, "airport-related purposes" has the meaning ascribed
16 in Section 6z-20.2 of the State Finance Act. Beginning January
17 1, 2021, this tax is not imposed on sales of aviation fuel for
18 so long as the revenue use requirements of 49 U.S.C. 47107(b)
19 and 49 U.S.C. 47133 are binding on the District.

20 The tax imposed under this subsection and all civil
21 penalties that may be assessed as an incident thereof shall be
22 collected and enforced by the Department of Revenue. The
23 certificate of registration that is issued by the Department
24 to a retailer under the Retailers' Occupation Tax Act shall
25 permit the retailer to engage in a business that is taxable
26 under any ordinance or resolution enacted pursuant to this

1 subsection without registering separately with the Department
2 under such ordinance or resolution or under this subsection.
3 The Department of Revenue shall have full power to administer
4 and enforce this subsection; to collect all taxes and
5 penalties due under this subsection in the manner hereinafter
6 provided; and to determine all rights to credit memoranda
7 arising on account of the erroneous payment of tax or penalty
8 under this subsection. In the administration of, and
9 compliance with, this subsection, the Department and persons
10 who are subject to this subsection shall have the same rights,
11 remedies, privileges, immunities, powers and duties, and be
12 subject to the same conditions, restrictions, limitations,
13 penalties, exclusions, exemptions, and definitions of terms
14 and employ the same modes of procedure, as are prescribed in
15 Sections 1, 1a through 1o, 2 through 2-65 (in respect to all
16 provisions therein other than the State rate of tax), 2c
17 through 2h, 3 (except as to the disposition of taxes and
18 penalties collected, and except that the retailer's discount
19 is not allowed for taxes paid on aviation fuel that are subject
20 to the revenue use requirements of 49 U.S.C. 47107(b) and 49
21 U.S.C. 47133), 4, 5, 5a, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6,
22 6a, 6b, 6c, 7, 8, 9, 10, 11, 12, 13, and 14 of the Retailers'
23 Occupation Tax Act and all provisions of the Uniform Penalty
24 and Interest Act, as fully as if those provisions were set
25 forth herein.

26 Persons subject to any tax imposed under this subsection

1 may reimburse themselves for their seller's tax liability
2 under this subsection by separately stating the tax as an
3 additional charge, which charge may be stated in combination,
4 in a single amount, with State taxes that sellers are required
5 to collect under the Use Tax Act, in accordance with such
6 bracket schedules as the Department may prescribe.

7 Whenever the Department determines that a refund should be
8 made under this subsection to a claimant instead of issuing a
9 credit memorandum, the Department shall notify the State
10 Comptroller, who shall cause the order to be drawn for the
11 amount specified and to the person named in the notification
12 from the Department. The refund shall be paid by the State
13 Treasurer out of the business district retailers' occupation
14 tax fund or the Local Government Aviation Trust Fund, as
15 appropriate.

16 Except as otherwise provided in this paragraph, the
17 Department shall immediately pay over to the State Treasurer,
18 ex officio, as trustee, all taxes, penalties, and interest
19 collected under this subsection for deposit into the business
20 district retailers' occupation tax fund. Taxes and penalties
21 collected on aviation fuel sold on or after December 1, 2019,
22 shall be immediately paid over by the Department to the State
23 Treasurer, ex officio, as trustee, for deposit into the Local
24 Government Aviation Trust Fund. The Department shall only pay
25 moneys into the Local Government Aviation Trust Fund under
26 this Section for so long as the revenue use requirements of 49

1 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
2 District.

3 As soon as possible after the first day of each month,
4 beginning January 1, 2011, upon certification of the
5 Department of Revenue, the Comptroller shall order
6 transferred, and the Treasurer shall transfer, to the STAR
7 Bonds Revenue Fund the local sales tax increment, as defined
8 in the Innovation Development and Economy Act, collected under
9 this subsection during the second preceding calendar month for
10 sales within a STAR bond district.

11 After the monthly transfer to the STAR Bonds Revenue Fund,
12 on or before the 25th day of each calendar month, the
13 Department shall prepare and certify to the Comptroller the
14 disbursement of stated sums of money to named municipalities
15 from the business district retailers' occupation tax fund, the
16 municipalities to be those from which retailers have paid
17 taxes or penalties under this subsection to the Department
18 during the second preceding calendar month. The amount to be
19 paid to each municipality shall be the amount (not including
20 credit memoranda and not including taxes and penalties
21 collected on aviation fuel sold on or after December 1, 2019)
22 collected under this subsection during the second preceding
23 calendar month by the Department plus an amount the Department
24 determines is necessary to offset any amounts that were
25 erroneously paid to a different taxing body, and not including
26 an amount equal to the amount of refunds made during the second

1 preceding calendar month by the Department, less 2% of that
2 amount (except the amount collected on aviation fuel sold on
3 or after December 1, 2019), which shall be deposited into the
4 Tax Compliance and Administration Fund and shall be used by
5 the Department, subject to appropriation, to cover the costs
6 of the Department in administering and enforcing the
7 provisions of this subsection, on behalf of such municipality,
8 and not including any amount that the Department determines is
9 necessary to offset any amounts that were payable to a
10 different taxing body but were erroneously paid to the
11 municipality, and not including any amounts that are
12 transferred to the STAR Bonds Revenue Fund. Within 10 days
13 after receipt by the Comptroller of the disbursement
14 certification to the municipalities provided for in this
15 subsection to be given to the Comptroller by the Department,
16 the Comptroller shall cause the orders to be drawn for the
17 respective amounts in accordance with the directions contained
18 in the certification. The proceeds of the tax paid to
19 municipalities under this subsection shall be deposited into
20 the Business District Tax Allocation Fund by the municipality.

21 An ordinance imposing or discontinuing the tax under this
22 subsection or effecting a change in the rate thereof shall
23 either (i) be adopted and a certified copy thereof filed with
24 the Department on or before the first day of April, whereupon
25 the Department, if all other requirements of this subsection
26 are met, shall proceed to administer and enforce this

1 subsection as of the first day of July next following the
2 adoption and filing; or (ii) be adopted and a certified copy
3 thereof filed with the Department on or before the first day of
4 October, whereupon, if all other requirements of this
5 subsection are met, the Department shall proceed to administer
6 and enforce this subsection as of the first day of January next
7 following the adoption and filing.

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

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

14 A municipality that imposes the tax under this subsection
15 must submit to the Department of Revenue any other information
16 as the Department may require for the administration and
17 enforcement of the tax.

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

24 Nothing in this subsection shall be construed to authorize
25 the municipality to impose a tax upon the privilege of
26 engaging in any business which under the Constitution of the

1 United States may not be made the subject of taxation by this
2 State.

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

5 (c) If a tax has been imposed under subsection (b), a
6 Business District Service Occupation Tax shall also be imposed
7 upon all persons engaged, in the business district, in the
8 business of making sales of service, who, as an incident to
9 making those sales of service, transfer tangible personal
10 property within the business district, either in the form of
11 tangible personal property or in the form of real estate as an
12 incident to a sale of service. The tax shall be imposed at the
13 same rate as the tax imposed in subsection (b) and shall not
14 exceed 1% of the selling price of tangible personal property
15 so transferred within the business district, to be imposed
16 only in 0.25% increments. The tax may not be imposed on
17 tangible personal property taxed at the 1% rate under the
18 Service Occupation Tax Act (or at the 0% rate imposed under
19 this amendatory Act of the 102nd General Assembly). Beginning
20 December 1, 2019, this tax is not imposed on sales of aviation
21 fuel unless the tax revenue is expended for airport-related
22 purposes. If the District does not have an airport-related
23 purpose to which it dedicates aviation fuel tax revenue, then
24 aviation fuel is excluded from the tax. Each municipality must
25 comply with the certification requirements for airport-related
26 purposes under Section 2-22 of the Retailers' Occupation Tax

1 Act. For purposes of this Act, "airport-related purposes" has
2 the meaning ascribed in Section 6z-20.2 of the State Finance
3 Act. Beginning January 1, 2021, this tax is not imposed on
4 sales of aviation fuel for so long as the revenue use
5 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
6 binding on the District.

7 The tax imposed under this subsection and all civil
8 penalties that may be assessed as an incident thereof shall be
9 collected and enforced by the Department of Revenue. The
10 certificate of registration which is issued by the Department
11 to a retailer under the Retailers' Occupation Tax Act or under
12 the Service Occupation Tax Act shall permit such registrant to
13 engage in a business which is taxable under any ordinance or
14 resolution enacted pursuant to this subsection without
15 registering separately with the Department under such
16 ordinance or resolution or under this subsection. The
17 Department of Revenue shall have full power to administer and
18 enforce this subsection; to collect all taxes and penalties
19 due under this subsection; to dispose of taxes and penalties
20 so collected in the manner hereinafter provided; and to
21 determine all rights to credit memoranda arising on account of
22 the erroneous payment of tax or penalty under this subsection.
23 In the administration of, and compliance with this subsection,
24 the Department and persons who are subject to this subsection
25 shall have the same rights, remedies, privileges, immunities,
26 powers and duties, and be subject to the same conditions,

1 restrictions, limitations, penalties, exclusions, exemptions,
2 and definitions of terms and employ the same modes of
3 procedure as are prescribed in Sections 2, 2a through 2d, 3
4 through 3-50 (in respect to all provisions therein other than
5 the State rate of tax), 4 (except that the reference to the
6 State shall be to the business district), 5, 7, 8 (except that
7 the jurisdiction to which the tax shall be a debt to the extent
8 indicated in that Section 8 shall be the municipality), 9
9 (except as to the disposition of taxes and penalties
10 collected, and except that the returned merchandise credit for
11 this tax may not be taken against any State tax, and except
12 that the retailer's discount is not allowed for taxes paid on
13 aviation fuel that are subject to the revenue use requirements
14 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 10, 11, 12 (except
15 the reference therein to Section 2b of the Retailers'
16 Occupation Tax Act), 13 (except that any reference to the
17 State shall mean the municipality), the first paragraph of
18 Section 15, and Sections 16, 17, 18, 19 and 20 of the Service
19 Occupation Tax Act and all provisions of the Uniform Penalty
20 and Interest Act, as fully as if those provisions were set
21 forth herein.

22 Persons subject to any tax imposed under the authority
23 granted in this subsection may reimburse themselves for their
24 serviceman's tax liability hereunder by separately stating the
25 tax as an additional charge, which charge may be stated in
26 combination, in a single amount, with State tax that

1 servicemen are authorized to collect under the Service Use Tax
2 Act, in accordance with such bracket schedules as the
3 Department may prescribe.

4 Whenever the Department determines that a refund should be
5 made under this subsection to a claimant instead of issuing
6 credit memorandum, the Department shall notify the State
7 Comptroller, who shall cause the order to be drawn for the
8 amount specified, and to the person named, in such
9 notification from the Department. Such refund shall be paid by
10 the State Treasurer out of the business district retailers'
11 occupation tax fund or the Local Government Aviation Trust
12 Fund, as appropriate.

13 Except as otherwise provided in this paragraph, the
14 Department shall forthwith pay over to the State Treasurer,
15 ex-officio, as trustee, all taxes, penalties, and interest
16 collected under this subsection for deposit into the business
17 district retailers' occupation tax fund. Taxes and penalties
18 collected on aviation fuel sold on or after December 1, 2019,
19 shall be immediately paid over by the Department to the State
20 Treasurer, ex officio, as trustee, for deposit into the Local
21 Government Aviation Trust Fund. The Department shall only pay
22 moneys into the Local Government Aviation Trust Fund under
23 this Section for so long as the revenue use requirements of 49
24 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
25 District.

26 As soon as possible after the first day of each month,

1 beginning January 1, 2011, upon certification of the
2 Department of Revenue, the Comptroller shall order
3 transferred, and the Treasurer shall transfer, to the STAR
4 Bonds Revenue Fund the local sales tax increment, as defined
5 in the Innovation Development and Economy Act, collected under
6 this subsection during the second preceding calendar month for
7 sales within a STAR bond district.

8 After the monthly transfer to the STAR Bonds Revenue Fund,
9 on or before the 25th day of each calendar month, the
10 Department shall prepare and certify to the Comptroller the
11 disbursement of stated sums of money to named municipalities
12 from the business district retailers' occupation tax fund, the
13 municipalities to be those from which suppliers and servicemen
14 have paid taxes or penalties under this subsection to the
15 Department during the second preceding calendar month. The
16 amount to be paid to each municipality shall be the amount (not
17 including credit memoranda and not including taxes and
18 penalties collected on aviation fuel sold on or after December
19 1, 2019) collected under this subsection during the second
20 preceding calendar month by the Department, less 2% of that
21 amount (except the amount collected on aviation fuel sold on
22 or after December 1, 2019), which shall be deposited into the
23 Tax Compliance and Administration Fund and shall be used by
24 the Department, subject to appropriation, to cover the costs
25 of the Department in administering and enforcing the
26 provisions of this subsection, and not including an amount

1 equal to the amount of refunds made during the second
2 preceding calendar month by the Department on behalf of such
3 municipality, and not including any amounts that are
4 transferred to the STAR Bonds Revenue Fund. Within 10 days
5 after receipt, by the Comptroller, of the disbursement
6 certification to the municipalities, provided for in this
7 subsection to be given to the Comptroller by the Department,
8 the Comptroller shall cause the orders to be drawn for the
9 respective amounts in accordance with the directions contained
10 in such certification. The proceeds of the tax paid to
11 municipalities under this subsection shall be deposited into
12 the Business District Tax Allocation Fund by the municipality.

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

26 The Department of Revenue shall not administer or enforce

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

1 incorrectly included or excluded from the list of those
2 required to collect the tax under this subsection, both the
3 Department of Revenue and the retailer shall be held harmless
4 if they reasonably relied on information provided by the
5 municipality.

6 A municipality that imposes the tax under this subsection
7 must submit to the Department of Revenue any other information
8 as the Department may require for the administration and
9 enforcement of the tax.

10 Nothing in this subsection shall be construed to authorize
11 the municipality to impose a tax upon the privilege of
12 engaging in any business which under the Constitution of the
13 United States may not be made the subject of taxation by the
14 State.

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

17 (c-5) If, on January 1, 2025, a unit of local government
18 has in effect a tax under this Section, or if, after January 1,
19 2025, a unit of local government imposes a tax under this
20 Section, then that tax applies to leases of tangible personal
21 property in effect, entered into, or renewed on or after that
22 date in the same manner as the tax under this Section and in
23 accordance with the changes made by this amendatory Act of the
24 103rd General Assembly.

25 (d) By ordinance, a municipality that has designated a
26 business district under this Law may impose an occupation tax

1 upon all persons engaged in the business district in the
2 business of renting, leasing, or letting rooms in a hotel, as
3 defined in the Hotel Operators' Occupation Tax Act, at a rate
4 not to exceed 1% of the gross rental receipts from the renting,
5 leasing, or letting of hotel rooms within the business
6 district, to be imposed only in 0.25% increments, excluding,
7 however, from gross rental receipts the proceeds of renting,
8 leasing, or letting to permanent residents of a hotel, as
9 defined in the Hotel Operators' Occupation Tax Act, and
10 proceeds from the tax imposed under subsection (c) of Section
11 13 of the Metropolitan Pier and Exposition Authority Act.

12 The tax imposed by the municipality under this subsection
13 and all civil penalties that may be assessed as an incident to
14 that tax shall be collected and enforced by the municipality
15 imposing the tax. The municipality shall have full power to
16 administer and enforce this subsection, to collect all taxes
17 and penalties due under this subsection, to dispose of taxes
18 and penalties so collected in the manner provided in this
19 subsection, and to determine all rights to credit memoranda
20 arising on account of the erroneous payment of tax or penalty
21 under this subsection. In the administration of and compliance
22 with this subsection, the municipality and persons who are
23 subject to this subsection shall have the same rights,
24 remedies, privileges, immunities, powers, and duties, shall be
25 subject to the same conditions, restrictions, limitations,
26 penalties, and definitions of terms, and shall employ the same

1 modes of procedure as are employed with respect to a tax
2 adopted by the municipality under Section 8-3-14 of this Code.

3 Persons subject to any tax imposed under the authority
4 granted in this subsection may reimburse themselves for their
5 tax liability for that tax by separately stating that tax as an
6 additional charge, which charge may be stated in combination,
7 in a single amount, with State taxes imposed under the Hotel
8 Operators' Occupation Tax Act, and with any other tax.

9 Nothing in this subsection shall be construed to authorize
10 a municipality to impose a tax upon the privilege of engaging
11 in any business which under the Constitution of the United
12 States may not be made the subject of taxation by this State.

13 The proceeds of the tax imposed under this subsection
14 shall be deposited into the Business District Tax Allocation
15 Fund.

16 (e) Obligations secured by the Business District Tax
17 Allocation Fund may be issued to provide for the payment or
18 reimbursement of business district project costs. Those
19 obligations, when so issued, shall be retired in the manner
20 provided in the ordinance authorizing the issuance of those
21 obligations by the receipts of taxes imposed pursuant to
22 subsections (10) and (11) of Section 11-74.3-3 and by other
23 revenue designated or pledged by the municipality. A
24 municipality may in the ordinance pledge, for any period of
25 time up to and including the dissolution date, all or any part
26 of the funds in and to be deposited in the Business District

1 Tax Allocation Fund to the payment of business district
2 project costs and obligations. Whenever a municipality pledges
3 all of the funds to the credit of a business district tax
4 allocation fund to secure obligations issued or to be issued
5 to pay or reimburse business district project costs, the
6 municipality may specifically provide that funds remaining to
7 the credit of such business district tax allocation fund after
8 the payment of such obligations shall be accounted for
9 annually and shall be deemed to be "surplus" funds, and such
10 "surplus" funds shall be expended by the municipality for any
11 business district project cost as approved in the business
12 district plan. Whenever a municipality pledges less than all
13 of the monies to the credit of a business district tax
14 allocation fund to secure obligations issued or to be issued
15 to pay or reimburse business district project costs, the
16 municipality shall provide that monies to the credit of the
17 business district tax allocation fund and not subject to such
18 pledge or otherwise encumbered or required for payment of
19 contractual obligations for specific business district project
20 costs shall be calculated annually and shall be deemed to be
21 "surplus" funds, and such "surplus" funds shall be expended by
22 the municipality for any business district project cost as
23 approved in the business district plan.

24 No obligation issued pursuant to this Law and secured by a
25 pledge of all or any portion of any revenues received or to be
26 received by the municipality from the imposition of taxes

1 pursuant to subsection (10) of Section 11-74.3-3, shall be
2 deemed to constitute an economic incentive agreement under
3 Section 8-11-20, notwithstanding the fact that such pledge
4 provides for the sharing, rebate, or payment of retailers'
5 occupation taxes or service occupation taxes imposed pursuant
6 to subsection (10) of Section 11-74.3-3 and received or to be
7 received by the municipality from the development or
8 redevelopment of properties in the business district.

9 Without limiting the foregoing in this Section, the
10 municipality may further secure obligations secured by the
11 business district tax allocation fund with a pledge, for a
12 period not greater than the term of the obligations and in any
13 case not longer than the dissolution date, of any part or any
14 combination of the following: (i) net revenues of all or part
15 of any business district project; (ii) taxes levied or imposed
16 by the municipality on any or all property in the
17 municipality, including, specifically, taxes levied or imposed
18 by the municipality in a special service area pursuant to the
19 Special Service Area Tax Law; (iii) the full faith and credit
20 of the municipality; (iv) a mortgage on part or all of the
21 business district project; or (v) any other taxes or
22 anticipated receipts that the municipality may lawfully
23 pledge.

24 Such obligations may be issued in one or more series, bear
25 such date or dates, become due at such time or times as therein
26 provided, but in any case not later than (i) 20 years after the

1 date of issue or (ii) the dissolution date, whichever is
2 earlier, bear interest payable at such intervals and at such
3 rate or rates as set forth therein, except as may be limited by
4 applicable law, which rate or rates may be fixed or variable,
5 be in such denominations, be in such form, either coupon,
6 registered, or book-entry, carry such conversion, registration
7 and exchange privileges, be subject to defeasance upon such
8 terms, have such rank or priority, be executed in such manner,
9 be payable in such medium or payment at such place or places
10 within or without the State, make provision for a corporate
11 trustee within or without the State with respect to such
12 obligations, prescribe the rights, powers, and duties thereof
13 to be exercised for the benefit of the municipality and the
14 benefit of the owners of such obligations, provide for the
15 holding in trust, investment, and use of moneys, funds, and
16 accounts held under an ordinance, provide for assignment of
17 and direct payment of the moneys to pay such obligations or to
18 be deposited into such funds or accounts directly to such
19 trustee, be subject to such terms of redemption with or
20 without premium, and be sold at such price, all as the
21 corporate authorities shall determine. No referendum approval
22 of the electors shall be required as a condition to the
23 issuance of obligations pursuant to this Law except as
24 provided in this Section.

25 In the event the municipality authorizes the issuance of
26 obligations pursuant to the authority of this Law secured by

1 the full faith and credit of the municipality, or pledges ad
2 valorem taxes pursuant to this subsection, which obligations
3 are other than obligations which may be issued under home rule
4 powers provided by Section 6 of Article VII of the Illinois
5 Constitution or which ad valorem taxes are other than ad
6 valorem taxes which may be pledged under home rule powers
7 provided by Section 6 of Article VII of the Illinois
8 Constitution or which are levied in a special service area
9 pursuant to the Special Service Area Tax Law, the ordinance
10 authorizing the issuance of those obligations or pledging
11 those taxes shall be published within 10 days after the
12 ordinance has been adopted, in a newspaper having a general
13 circulation within the municipality. The publication of the
14 ordinance shall be accompanied by a notice of (i) the specific
15 number of voters required to sign a petition requesting the
16 question of the issuance of the obligations or pledging such
17 ad valorem taxes to be submitted to the electors; (ii) the time
18 within which the petition must be filed; and (iii) the date of
19 the prospective referendum. The municipal clerk shall provide
20 a petition form to any individual requesting one.

21 If no petition is filed with the municipal clerk, as
22 hereinafter provided in this Section, within 21 days after the
23 publication of the ordinance, the ordinance shall be in
24 effect. However, if within that 21-day period a petition is
25 filed with the municipal clerk, signed by electors numbering
26 not less than 15% of the number of electors voting for the

1 mayor or president at the last general municipal election,
2 asking that the question of issuing obligations using full
3 faith and credit of the municipality as security for the cost
4 of paying or reimbursing business district project costs, or
5 of pledging such ad valorem taxes for the payment of those
6 obligations, or both, be submitted to the electors of the
7 municipality, the municipality shall not be authorized to
8 issue obligations of the municipality using the full faith and
9 credit of the municipality as security or pledging such ad
10 valorem taxes for the payment of those obligations, or both,
11 until the proposition has been submitted to and approved by a
12 majority of the voters voting on the proposition at a
13 regularly scheduled election. The municipality shall certify
14 the proposition to the proper election authorities for
15 submission in accordance with the general election law.

16 The ordinance authorizing the obligations may provide that
17 the obligations shall contain a recital that they are issued
18 pursuant to this Law, which recital shall be conclusive
19 evidence of their validity and of the regularity of their
20 issuance.

21 In the event the municipality authorizes issuance of
22 obligations pursuant to this Law secured by the full faith and
23 credit of the municipality, the ordinance authorizing the
24 obligations may provide for the levy and collection of a
25 direct annual tax upon all taxable property within the
26 municipality sufficient to pay the principal thereof and

1 interest thereon as it matures, which levy may be in addition
2 to and exclusive of the maximum of all other taxes authorized
3 to be levied by the municipality, which levy, however, shall
4 be abated to the extent that monies from other sources are
5 available for payment of the obligations and the municipality
6 certifies the amount of those monies available to the county
7 clerk.

8 A certified copy of the ordinance shall be filed with the
9 county clerk of each county in which any portion of the
10 municipality is situated, and shall constitute the authority
11 for the extension and collection of the taxes to be deposited
12 in the business district tax allocation fund.

13 A municipality may also issue its obligations to refund,
14 in whole or in part, obligations theretofore issued by the
15 municipality under the authority of this Law, whether at or
16 prior to maturity. However, the last maturity of the refunding
17 obligations shall not be expressed to mature later than the
18 dissolution date.

19 In the event a municipality issues obligations under home
20 rule powers or other legislative authority, the proceeds of
21 which are pledged to pay or reimburse business district
22 project costs, the municipality may, if it has followed the
23 procedures in conformance with this Law, retire those
24 obligations from funds in the business district tax allocation
25 fund in amounts and in such manner as if those obligations had
26 been issued pursuant to the provisions of this Law.

1 No obligations issued pursuant to this Law shall be
2 regarded as indebtedness of the municipality issuing those
3 obligations or any other taxing district for the purpose of
4 any limitation imposed by law.

5 Obligations issued pursuant to this Law shall not be
6 subject to the provisions of the Bond Authorization Act.

7 (f) When business district project costs, including,
8 without limitation, all obligations paying or reimbursing
9 business district project costs have been paid, any surplus
10 funds then remaining in the Business District Tax Allocation
11 Fund shall be distributed to the municipal treasurer for
12 deposit into the general corporate fund of the municipality.
13 Upon payment of all business district project costs and
14 retirement of all obligations paying or reimbursing business
15 district project costs, but in no event more than 23 years
16 after the date of adoption of the ordinance imposing taxes
17 pursuant to subsection (10) or (11) of Section 11-74.3-3, the
18 municipality shall adopt an ordinance immediately rescinding
19 the taxes imposed pursuant to subsection (10) or (11) of
20 Section 11-74.3-3.

21 (Source: P.A. 102-700, eff. 4-19-22; 103-592, eff. 1-1-25.)