



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

SB2523

Introduced 1/12/2010, by Sen. James F. Clayborne, Jr.

#### SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-4-1	from Ch. 24, par. 8-4-1
65 ILCS 5/11-74.3-1	from Ch. 24, par. 11-74.3-1
65 ILCS 5/11-74.3-2	from Ch. 24, par. 11-74.3-2
65 ILCS 5/11-74.3-3	from Ch. 24, par. 11-74.3-3
65 ILCS 5/11-74.3-4	from Ch. 24, par. 11-74.3-4
65 ILCS 5/11-74.3-5	
65 ILCS 5/11-74.3-6	
65 ILCS 5/11-74.3-7 new	

Amends the Illinois Municipal Code with respect to the "Business District Development and Redevelopment Law". Authorizes the issuance of bonds without referendum. Specifies notice requirements for a public hearing on a proposed business district plan. Sets forth the procedure for amending a business district plan. Specifies the requirements for a municipality to issue bonds for the payment or reimbursement of business district project costs. Makes numerous other changes. Provides that changes to the Law apply only to new business districts, unless an existing district is conformed by ordinance. Effective immediately.

LRB096 16822 RLJ 32131 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 Sections 8-4-1, 11-74.3-1, 11-74.3-2, 11-74.3-3,  
6 11-74.3-4, 11-74.3-5, and 11-74.3-6 and by adding Section  
7 11-74.3-7 as follows:

8 (65 ILCS 5/8-4-1) (from Ch. 24, par. 8-4-1)

9 Sec. 8-4-1. No bonds shall be issued by the corporate  
10 authorities of any municipality until the question of  
11 authorizing such bonds has been submitted to the electors of  
12 that municipality provided that notice of the bond referendum,  
13 if held before July 1, 1999, has been given in accordance with  
14 the provisions of Section 12-5 of the Election Code in effect  
15 at the time of the bond referendum, at least 10 and not more  
16 than 45 days before the date of the election, notwithstanding  
17 the time for publication otherwise imposed by Section 12-5, and  
18 approved by a majority of the electors voting upon that  
19 question. Notices required in connection with the submission of  
20 public questions on or after July 1, 1999 shall be as set forth  
21 in Section 12-5 of the Election Code. The clerk shall certify  
22 the proposition of the corporate authorities to the proper  
23 election authority who shall submit the question at an election

1 in accordance with the general election law, subject to the  
2 notice provisions set forth in this Section.

3 Notice of any such election shall contain the amount of the  
4 bond issue, purpose for which issued, and maximum rate of  
5 interest.

6 However, without the submission of the question of issuing  
7 bonds to the electors, the corporate authorities of any  
8 municipality may authorize the issuance of any of the following  
9 bonds:

10 (1) Bonds to refund any existing bonded indebtedness;

11 (2) Bonds to fund or refund any existing judgment  
12 indebtedness;

13 (3) In any municipality of less than 500,000 population,  
14 bonds to anticipate the collection of installments of special  
15 assessments and special taxes against property owned by the  
16 municipality and to anticipate the collection of the amount  
17 apportioned to the municipality as public benefits under  
18 Article 9;

19 (4) Bonds issued by any municipality under Sections 8-4-15  
20 through 8-4-23, 11-23-1 through 11-23-12, 11-25-1 through  
21 11-26-6, 11-71-1 through 11-71-10, 11-74.3-1 through  
22 11-74.3-7, 11-74.4-1 through 11-74.4-11, 11-74.5-1 through  
23 11-74.5-15, 11-94-1 through 11-94-7, 11-102-1 through  
24 11-102-10, 11-103-11 through 11-103-15, 11-118-1 through  
25 11-118-6, 11-119-1 through 11-119-5, 11-129-1 through  
26 11-129-7, 11-133-1 through 11-133-4, 11-139-1 through

1 11-139-12, 11-141-1 through 11-141-18 of this Code or 10-801  
2 through 10-808 of the Illinois Highway Code, as amended;

3 (5) Bonds issued by the board of education of any school  
4 district under the provisions of Sections 34-30 through 34-36  
5 of The School Code, as amended;

6 (6) Bonds issued by any municipality under the provisions  
7 of Division 6 of this Article 8; and by any municipality under  
8 the provisions of Division 7 of this Article 8; or under the  
9 provisions of Sections 11-121-4 and 11-121-5;

10 (7) Bonds to pay for the purchase of voting machines by any  
11 municipality that has adopted Article 24 of The Election Code,  
12 approved May 11, 1943, as amended;

13 (8) Bonds issued by any municipality under Sections 15 and  
14 46 of the "Environmental Protection Act", approved June 29,  
15 1970;

16 (9) Bonds issued by the corporate authorities of any  
17 municipality under the provisions of Section 8-4-25 of this  
18 Article 8;

19 (10) Bonds issued under Section 8-4-26 of this Article 8 by  
20 any municipality having a board of election commissioners;

21 (11) Bonds issued under the provisions of "An Act to  
22 provide the manner of levying or imposing taxes for the  
23 provision of special services to areas within the boundaries of  
24 home rule units and nonhome rule municipalities and counties",  
25 approved September 21, 1973;

26 (12) Bonds issued under Section 8-5-16 of this Code;

1 (13) Bonds to finance the cost of the acquisition,  
2 construction or improvement of water or wastewater treatment  
3 facilities mandated by an enforceable compliance schedule  
4 developed in connection with the federal Clean Water Act or a  
5 compliance order issued by the United States Environmental  
6 Protection Agency or the Illinois Pollution Control Board;  
7 provided that such bonds are authorized by an ordinance adopted  
8 by a three-fifths majority of the corporate authorities of the  
9 municipality issuing the bonds which ordinance shall specify  
10 that the construction or improvement of such facilities is  
11 necessary to alleviate an emergency condition in such  
12 municipality;

13 (14) Bonds issued by any municipality pursuant to Section  
14 11-113.1-1;

15 (15) Bonds issued under Sections 11-74.6-1 through  
16 11-74.6-45, the Industrial Jobs Recovery Law of this Code.

17 (Source: P.A. 90-706, eff. 8-7-98; 90-812, eff. 1-26-99; 91-57,  
18 eff. 6-30-99.)

19 (65 ILCS 5/11-74.3-1) (from Ch. 24, par. 11-74.3-1)

20 Sec. 11-74.3-1. Division short title; declaration of  
21 public purpose. It is hereby found and declared: This Division  
22 74.3 may be cited as the Business District Development and  
23 Redevelopment Law.

24 It is hereby found and declared:

25 (1) It is ~~may be considered~~ essential to the economic and

1 social welfare of each municipality that business districts be  
2 developed, redeveloped, improved, maintained, and revitalized,  
3 that jobs and opportunity for employment be created within the  
4 municipality, and that, if blighting conditions are present,  
5 blighting conditions be eradicated by assuring opportunities  
6 for development or redevelopment, encouraging private  
7 investment, and attracting sound and stable business and  
8 commercial growth. It is further found and determined that as a  
9 result of economic conditions unfavorable to the creation,  
10 development, improvement, maintenance, and redevelopment of  
11 certain business and commercial areas within municipalities  
12 opportunities for private investment and sound and stable  
13 commercial growth have been and will continue to be negatively  
14 impacted and business and commercial areas within many  
15 municipalities have deteriorated and will continue to  
16 deteriorate, thereby causing a serious menace to the health,  
17 safety, morals, and general welfare of the people of the entire  
18 State, unemployment, a decline in tax revenues, excessive and  
19 disproportionate expenditure of public funds, inadequate  
20 public and private investment, the unmarketability of  
21 property, and the growth of delinquencies and crime. In order  
22 to reduce threats to and to promote and protect the health,  
23 safety, morals, and welfare of the public and to provide  
24 incentives which will create employment and job opportunities,  
25 will retain commercial businesses in the State and related job  
26 opportunities and will eradicate blighting conditions if

1 blighting conditions are present, and for the relief of  
2 unemployment and the maintenance of existing levels of  
3 employment, it is essential that plans for business districts  
4 be created and implemented and that business districts be  
5 created, developed, improved, maintained, and redeveloped.

6 (2) The creation, development, improvement, maintenance,  
7 and redevelopment of business districts will stimulate  
8 economic activity in the State, create and maintain jobs,  
9 increase tax revenues, encourage the creation of new and  
10 lasting infrastructure, other improvements, and facilities,  
11 and cause the attraction and retention of businesses and  
12 commercial enterprises which generate economic activity and  
13 services and increase the general tax base, including, but not  
14 limited to, increased retail sales, hotel or restaurant sales,  
15 manufacturing sales, or entertainment industry sales, thereby  
16 increasing employment and economic growth.

17 (3) It is hereby declared to be the policy of the State, in  
18 the interest of promoting the health, safety, morals, and  
19 general welfare of all the people of the State, to provide  
20 incentives which will create new job opportunities and retain  
21 existing commercial businesses within the State and related job  
22 opportunities, and it is further determined and declared that  
23 the relief of conditions of unemployment, the maintenance of  
24 existing levels of employment, the creation of new job  
25 opportunities, the retention of existing commercial  
26 businesses, the increase of industry and commerce within the

1 State, the reduction of the evils attendant upon unemployment,  
2 and the increase and maintenance of the tax base of the State  
3 and its political subdivisions are public purposes and for the  
4 public safety, benefit, and welfare of the residents of this  
5 State.

6 (4) The exercise of the powers provided in this Law is  
7 dedicated to the promotion of the public interest, to the  
8 enhancement of the tax base within business districts,  
9 municipalities, and the State and its political subdivisions,  
10 the creation of employment, and the eradication of blight, if  
11 present within the business district, and the use of such  
12 powers for the creation, development, improvement,  
13 maintenance, and redevelopment of business districts of a  
14 municipality is hereby declared to be for the public safety,  
15 benefit, and welfare of the residents of the State and  
16 essential to the public interest and declared to be for public  
17 purposes.

18 ~~(2) Such a result should conform with a comprehensive plan~~  
19 ~~of the municipality and a specific plan for business districts~~  
20 ~~officially approved by the corporate authorities of the~~  
21 ~~municipality after public hearings.~~

22 ~~(3) The exercise of the powers provided in this Division is~~  
23 ~~dedicated to the promotion of the public interest and to the~~  
24 ~~enhancement of the tax base of business districts, and the use~~  
25 ~~of such powers for the development and redevelopment of~~  
26 ~~business districts of a municipality is hereby declared to be a~~



1 ~~public use essential to the public interest.~~

2 (Source: P.A. 78-793.)

3 (65 ILCS 5/11-74.3-2) (from Ch. 24, par. 11-74.3-2)

4 Sec. 11-74.3-2. Procedures to designate business  
5 districts; ordinances; notice; hearings.

6 (a) The corporate authorities of a municipality shall by  
7 ordinance propose the approval of a business district plan and  
8 designation of a business district and shall fix a time and  
9 place for a public hearing on the proposals to approve a  
10 business district plan and designate a business district.

11 (b) Notice of the public hearing shall be given by  
12 publication at least twice, the first publication to be not  
13 more than 30 nor less than 10 days prior to the hearing, in a  
14 newspaper of general circulation within the municipality. Each  
15 notice published pursuant to this Section shall include the  
16 following:

17 (1) The time and place of the public hearing;

18 (2) The boundaries of the proposed business district by  
19 legal description and, where possible, by street location;

20 (3) A notification that all interested persons will be  
21 given an opportunity to be heard at the public hearing;

22 (4) A description of the business district plan if a  
23 business district plan is a subject matter of the public  
24 hearing;

25 (5) The rate of any tax to be imposed pursuant to

1 subsection (11) or (12) of Section 11-74.3-3;

2 (6) An invitation for any person to submit alternate  
3 proposals or bids for any proposed conveyance, lease,  
4 mortgage, or other disposition by the municipality of land  
5 or rights in land owned by the municipality and located  
6 within the proposed business district; and

7 (7) Such other matters as the municipality shall deem  
8 appropriate.

9 (c) At the public hearing any interested person may file  
10 written objections with the municipal clerk and may be heard  
11 orally with respect to any matters embodied in the notice. The  
12 municipality shall hear and determine all alternate proposals  
13 or bids for any proposed conveyance, lease, mortgage, or other  
14 disposition by the municipality of land or rights in land owned  
15 by the municipality and located within the proposed business  
16 district and all protests and objections at the hearing,  
17 provided, however, that the corporate authorities of the  
18 municipality may establish reasonable rules regarding the  
19 length of time provided to members of the general public. The  
20 hearing may be adjourned to another date without further notice  
21 other than a motion to be entered upon the minutes fixing the  
22 time and place of the adjourned hearing. Public hearings with  
23 regard to approval of a business district plan or designation  
24 of a business district may be held simultaneously.

25 (d) At the public hearing or at any time prior to the  
26 adoption by the municipality of an ordinance approving a

1 business district plan, the municipality may make changes in  
2 the business district plan. Changes which do not (i) alter the  
3 exterior boundaries of the proposed business district, (ii)  
4 substantially affect the general land uses described in the  
5 proposed business district plan, (iii) substantially change  
6 the nature of any proposed business district project, (iv)  
7 change the description of any proposed developer, user, or  
8 tenant of any property to be located or improved within the  
9 proposed business district, (v) increase the total estimated  
10 business district project costs set out in the business  
11 district plan by more than 5%, (vi) add additional business  
12 district costs to the itemized list of estimated business  
13 district costs as proposed in the business district plan, or  
14 (vii) impose or increase the rate of any tax to be imposed  
15 pursuant to subsection (11) or (12) of Section 11-74.3-3 may be  
16 made by the municipality without further public hearing,  
17 provided the municipality shall give notice of its changes by  
18 publication in a newspaper of general circulation within the  
19 municipality. Such notice by publication shall be given not  
20 later than 30 days following the adoption of an ordinance  
21 approving such changes. Changes which (i) alter the exterior  
22 boundaries of the proposed business district, (ii)  
23 substantially affect the general land uses described in the  
24 proposed business district plan, (iii) substantially change  
25 the nature of any proposed business district project, (iv)  
26 change the description of any proposed developer, user, or

1 tenant of any property to be located or improved within the  
2 proposed business district, (v) increase the total estimated  
3 business district project costs set out in the business  
4 district plan by more than 5%, (vi) add additional business  
5 district costs to the itemized list of estimated business  
6 district costs as proposed in the business district plan, or  
7 (vii) impose or increase the rate of any tax to be imposed  
8 pursuant to subsection (11) or (12) of Section 11-74.3-3 may be  
9 made by the municipality only after the municipality by  
10 ordinance fixes a time and place for, gives notice by  
11 publication of, and conducts a public hearing pursuant to the  
12 procedures set forth hereinabove.

13 (e) By ordinance adopted within 90 days of the final  
14 adjournment of the public hearing a municipality may approve  
15 the business district plan and designate the business district.  
16 Any ordinance adopted which approves a business district plan  
17 shall contain findings that the business district on the whole  
18 has not been subject to growth and development through  
19 investment by private enterprises and would not reasonably be  
20 anticipated to be developed or redeveloped without the adoption  
21 of the business district plan. Any ordinance adopted which  
22 designates a business district shall contain the boundaries of  
23 such business district by legal description and, where  
24 possible, by street location, a finding that the business  
25 district plan conforms to the comprehensive plan for the  
26 development of the municipality as a whole, or, for

1 municipalities with a population of 100,000 or more, regardless  
2 of when the business district plan was approved, the business  
3 district plan either (i) conforms to the strategic economic  
4 development or redevelopment plan issued by the designated  
5 planning authority or the municipality or (ii) includes land  
6 uses that have been approved by the planning commission of the  
7 municipality, and, for any business district in which the  
8 municipality intends to impose taxes as provided in subsection  
9 (11) or (12) of Section 11-74.3-3, a specific finding that the  
10 business district qualifies as a blighted area as defined in  
11 Section 11-74.3-5.

12 (f) After a municipality has by ordinance approved a  
13 business district plan and designated a business district, the  
14 plan may be amended, the boundaries of the business district  
15 may be altered, and the taxes provided for in subsections (11)  
16 and (12) of Section 11-74.3-3 may be imposed or altered only as  
17 provided in this subsection. Changes which do not (i) alter the  
18 exterior boundaries of the proposed business district, (ii)  
19 substantially affect the general land uses described in the  
20 business district plan, (iii) substantially change the nature  
21 of any business district project, (iv) change the description  
22 of any developer, user, or tenant of any property to be located  
23 or improved within the proposed business district, (v) increase  
24 the total estimated business district project costs set out in  
25 the business district plan by more than 5% after adjustment for  
26 inflation from the date the business district plan was

1 approved, (vi) add additional business district costs to the  
2 itemized list of estimated business district costs as approved  
3 in the business district plan, or (vii) impose or increase the  
4 rate of any tax to be imposed pursuant to subsection (11) or  
5 (12) of Section 11-74.3-3 may be made by the municipality  
6 without further public hearing, provided the municipality  
7 shall give notice of its changes by publication in a newspaper  
8 of general circulation within the municipality. Such notice by  
9 publication shall be given not later than 30 days following the  
10 adoption of an ordinance approving such changes. Changes which  
11 (i) alter the exterior boundaries of the business district,  
12 (ii) substantially affect the general land uses described in  
13 the business district plan, (iii) substantially change the  
14 nature of any business district project, (iv) change the  
15 description of any developer, user, or tenant of any property  
16 to be located or improved within the proposed business  
17 district, (v) increase the total estimated business district  
18 project costs set out in the business district plan by more  
19 than 5% after adjustment for inflation from the date the  
20 business district plan was approved, (vi) add additional  
21 business district costs to the itemized list of estimated  
22 business district costs as approved in the business district  
23 plan, or (vii) impose or increase the rate of any tax to be  
24 imposed pursuant to subsection (11) or (12) of Section  
25 11-74.3-3 may be made by the municipality only after the  
26 municipality by ordinance fixes a time and place for, gives

1 notice by publication of, and conducts a public hearing  
2 pursuant to the procedures set forth in this Section.

3 ~~The corporate authorities of a municipality may designate,~~  
4 ~~after public hearings, an area of the municipality as a~~  
5 ~~Business District.~~

6 (Source: P.A. 78-793.)

7 (65 ILCS 5/11-74.3-3) (from Ch. 24, par. 11-74.3-3)

8 Sec. 11-74.3-3. Powers of municipalities. In addition to  
9 the powers a municipality may now have, a ~~In carrying out a~~  
10 ~~business district development or redevelopment plan, the~~  
11 ~~corporate authorities of each~~ municipality shall have the  
12 following powers:

13 (1) To make and enter into all contracts necessary or  
14 incidental to the implementation and furtherance of a  
15 business district plan. A contract by and between the  
16 municipality and any developer or other nongovernmental  
17 person to pay or reimburse said developer or other  
18 nongovernmental person for business district project costs  
19 incurred or to be incurred by said developer or other  
20 nongovernmental person shall not be deemed an economic  
21 incentive agreement under Section 8-11-20, notwithstanding  
22 the fact that such contract provides for the sharing,  
23 rebate, or payment of retailers' occupation taxes or  
24 service occupation taxes (including, without limitation,  
25 taxes imposed pursuant to subsection (11)) the

1 municipality receives from the development or  
2 redevelopment of properties in the business district.  
3 Contracts entered into pursuant to this subsection shall be  
4 binding upon successor corporate authorities of the  
5 municipality and any party to such contract may seek to  
6 enforce and compel performance of the contract by civil  
7 action, mandamus, injunction, or other proceeding.

8 (2) Within a business district, to acquire by purchase,  
9 donation, lease, or eminent domain, and to own, convey,  
10 lease, mortgage, or dispose of land and other real or  
11 personal property or rights or interests therein; and to  
12 grant or acquire licenses, easements, and options with  
13 respect thereto, all in the manner and at such price the  
14 municipality determines is reasonably necessary to achieve  
15 the objectives of the business district plan. No  
16 conveyance, lease, mortgage, disposition of land or other  
17 property acquired by the municipality, or agreement  
18 relating to the development of property, shall be made or  
19 executed except pursuant to prior official action of the  
20 municipality. No conveyance, lease, mortgage, or other  
21 disposition of land owned by the municipality, and no  
22 agreement relating to the development of property, within a  
23 business district shall be made without making public  
24 disclosure of the terms and disposition of all bids and  
25 proposals submitted to the municipality in connection  
26 therewith.



1           (3) To clear any area within a business district by  
2           demolition or removal of any existing buildings,  
3           structures, fixtures, utilities, or improvements, and to  
4           clear and grade land.

5           (4) To install, repair, construct, reconstruct, or  
6           relocate public streets, public utilities, and other  
7           public site improvements within or without a business  
8           district which are essential to the preparation of a  
9           business district for use in accordance with a business  
10          district plan.

11          (5) To renovate, rehabilitate, reconstruct, relocate,  
12          repair, or remodel any existing buildings, structures,  
13          works, utilities, or fixtures within any business  
14          district.

15          (6) To construct public improvements, including but  
16          not limited to buildings, structures, works, utilities, or  
17          fixtures within any business district.

18          (7) To fix, charge, and collect fees, rents, and  
19          charges for the use of any building, facility, or property  
20          or any portion thereof owned or leased by the municipality  
21          within a business district.

22          (8) To pay or cause to be paid business district  
23          project costs. Any payments to be made by the municipality  
24          to developers or other nongovernmental persons for  
25          business district project costs incurred by such developer  
26          or other nongovernmental person shall be made only pursuant

1 to the prior official action of the municipality evidencing  
2 an intent to pay or cause to be paid such business district  
3 project costs. A municipality is not required to obtain any  
4 right, title, or interest in any real or personal property  
5 in order to pay business district project costs associated  
6 with such property. The municipality shall adopt such  
7 accounting procedures as shall be necessary to determine  
8 that such business district project costs are properly  
9 paid.

10 (9) To apply for and accept grants, guarantees,  
11 donations of property or labor or any other thing of value  
12 for use in connection with a business district project.

13 (10) To create a Business District Commission of not  
14 less than 5 or more than 15 persons to be appointed by the  
15 mayor or president of the municipality with the consent of  
16 the majority of the corporate authorities of the  
17 municipality. Members of a commission shall be appointed  
18 for initial terms of 1, 2, 3, 4, and 5 years, respectively,  
19 in such numbers as to provide that the terms of not more  
20 than 1/3 of all such members shall expire in any one year.  
21 Their successors shall be appointed for a term of 5 years.  
22 The commission may also have the power to hold the public  
23 hearings required by this Law and to make recommendations  
24 to the corporate authorities concerning the approval of  
25 business district plans, the designation of business  
26 districts, and the imposition of retailers' occupation,

1 service occupation, and hotel operators' occupation taxes  
2 as provided under this Act.

3 (11) If the municipality has by ordinance found and  
4 determined that the business district is a blighted area  
5 under this Law, to impose a retailers' occupation tax and a  
6 service occupation tax in the business district for the  
7 planning, execution, and implementation of business  
8 district plans and to pay for business district project  
9 costs as set forth in the business district plan approved  
10 by the municipality.

11 (12) If the municipality has by ordinance found and  
12 determined that the business district is a blighted area  
13 under this Law, to impose a hotel operators' occupation tax  
14 in the business district for the planning, execution, and  
15 implementation of business district plans and to pay for  
16 the business district project costs as set forth in the  
17 business district plan approved by the municipality.

18 (13) To utilize revenues received under this Law from  
19 one business district for eligible business district  
20 project costs in another business district that is  
21 contiguous to, or is separated only by a public  
22 right-of-way, the business district from which the  
23 revenues are received, provided that any transfer or loan  
24 of revenues from one business district to another area  
25 shall have first been approved in the business district  
26 plan approved for each business district.

1           ~~(1) To approve all development and redevelopment~~  
2 ~~proposals for a business district.~~

3           ~~(2) To exercise the use of eminent domain for the~~  
4 ~~acquisition of real and personal property for the purpose~~  
5 ~~of a development or redevelopment project.~~

6           ~~(3) To acquire, manage, convey or otherwise dispose of~~  
7 ~~real and personal property according to the provisions of a~~  
8 ~~development or redevelopment plan.~~

9           ~~(4) To apply for and accept capital grants and loans~~  
10 ~~from the United States and the State of Illinois, or any~~  
11 ~~instrumentality of the United States or the State, for~~  
12 ~~business district development and redevelopment.~~

13           ~~(5) To borrow funds as it may be deemed necessary for~~  
14 ~~the purpose of business district development and~~  
15 ~~redevelopment, and in this connection issue such~~  
16 ~~obligation or revenue bonds as it shall be deemed~~  
17 ~~necessary, subject to applicable statutory limitations.~~

18           ~~(6) To enter into contracts with any public or private~~  
19 ~~agency or person.~~

20           ~~(7) To sell, lease, trade or improve real property in~~  
21 ~~connection with business district development and~~  
22 ~~redevelopment plans.~~

23           ~~(8) To employ all such persons as may be necessary for~~  
24 ~~the planning, administration and implementation of~~  
25 ~~business district plans.~~

26           ~~(9) To expend such public funds as may be necessary for~~

1 ~~the planning, execution and implementation of the business~~  
2 ~~district plans.~~

3 ~~(10) To establish by ordinance or resolution~~  
4 ~~procedures for the planning, execution and implementation~~  
5 ~~of business district plans.~~

6 ~~(11) To create a Business District Development and~~  
7 ~~Redevelopment Commission to act as agent for the~~  
8 ~~municipality for the purposes of business district~~  
9 ~~development and redevelopment.~~

10 ~~(12) To impose a retailers' occupation tax and a~~  
11 ~~service occupation tax in the business district for the~~  
12 ~~planning, execution, and implementation of business~~  
13 ~~district plans and to pay for business district project~~  
14 ~~costs as set forth in the business district plan approved~~  
15 ~~by the municipality.~~

16 ~~(13) To impose a hotel operators' occupation tax in the~~  
17 ~~business district for the planning, execution, and~~  
18 ~~implementation of business district plans and to pay for~~  
19 ~~the business district project costs as set forth in the~~  
20 ~~business district plan approved by the municipality.~~

21 ~~(14) To issue obligations in one or more series bearing~~  
22 ~~interest at rates determined by the corporate authorities~~  
23 ~~of the municipality by ordinance and secured by the~~  
24 ~~business district tax allocation fund set forth in Section~~  
25 ~~11-74.3-6 for the business district to provide for the~~  
26 ~~payment of business district project costs.~~

1       ~~This amendatory Act of the 91st General Assembly is~~  
2 ~~declarative of existing law and is not a new enactment.~~

3       (Source: P.A. 93-1053, eff. 1-1-05.)

4               (65 ILCS 5/11-74.3-4) (from Ch. 24, par. 11-74.3-4)

5       Sec. 11-74.3-4. The powers granted to municipalities in  
6 this Law Division shall not be construed as a limitation on the  
7 powers of a home rule municipality granted by Article VII of  
8 the Illinois Constitution.

9       (Source: P.A. 78-793.)

10              (65 ILCS 5/11-74.3-5)

11       Sec. 11-74.3-5. Definitions. ~~Business district; additional~~  
12 ~~procedures for designation of district and approval of~~  
13 ~~development or redevelopment plan.~~

14       The following terms as used in this Law shall have the  
15 following meanings:

16       "Blighted area" means an area that is a blighted area  
17 which, by reason of the predominance of defective,  
18 non-existent, or inadequate street layout, unsanitary or  
19 unsafe conditions, deterioration of site improvements,  
20 improper subdivision or obsolete platting, or the existence of  
21 conditions which endanger life or property by fire or other  
22 causes, or any combination of those factors, retards the  
23 provision of housing accommodations or constitutes an economic  
24 or social liability, an economic underutilization of the area,

1 or a menace to the public health, safety, morals, or welfare.

2 "Business district" means a contiguous area which includes  
3 only parcels of real property directly and substantially  
4 benefited by the proposed business district plan. A business  
5 district may, but need not be, a blighted area, but no  
6 municipality shall be authorized to impose taxes pursuant to  
7 subsection (11) or (12) of Section 11-74.3-3 in a business  
8 district which has not been determined by ordinance to be a  
9 blighted area under this Law.

10 "Business district plan" shall mean the written plan for  
11 the development or redevelopment of a business district. Each  
12 business district plan shall set forth in writing: (i) a  
13 specific description of the boundaries of the proposed business  
14 district, including a map illustrating the boundaries; (ii) a  
15 general description of each project proposed to be undertaken  
16 within the business district, including a description of the  
17 approximate location of each project and a description of any  
18 developer, user, or tenant of any property to be located or  
19 improved within the proposed business district; (iii) the name  
20 of the proposed business district; (iv) the estimated business  
21 district project costs; (v) the anticipated source of funds to  
22 pay business district project costs; (vi) the anticipated type  
23 and terms of any obligations to be issued; and (vii) the rate  
24 of any tax to be imposed pursuant to subsection (11) or (12) of  
25 Section 11-74.3-3 and the period of time for which the tax  
26 shall be imposed.

1       "Business district project costs" shall mean and include  
2 the sum total of all costs incurred by a municipality, other  
3 governmental entity, or nongovernmental person in connection  
4 with a business district, in the furtherance of a business  
5 district plan, including, without limitation, the following:

6           (1) costs of studies, surveys, development of plans and  
7 specifications, implementation and administration of a  
8 business district plan, and personnel and professional  
9 service costs including architectural, engineering, legal,  
10 marketing, financial, planning, or other professional  
11 services, provided that no charges for professional  
12 services may be based on a percentage of tax revenues  
13 received by the municipality;

14           (2) property assembly costs, including but not limited  
15 to, acquisition of land and other real or personal property  
16 or rights or interests therein, and specifically including  
17 payments to developers or other nongovernmental persons as  
18 reimbursement for property assembly costs incurred by that  
19 developer or other nongovernmental person;

20           (3) site preparation costs, including but not limited  
21 to clearance, demolition or removal of any existing  
22 buildings, structures, fixtures, utilities, and  
23 improvements and clearing and grading of land;

24           (4) costs of installation, repair, construction,  
25 reconstruction, extension, or relocation of public  
26 streets, public utilities, and other public site



1 improvements within or without the business district which  
2 are essential to the preparation of the business district  
3 for use in accordance with the business district plan, and  
4 specifically including payments to developers or other  
5 nongovernmental persons as reimbursement for site  
6 preparation costs incurred by the developer or  
7 nongovernmental person;

8 (5) costs of renovation, rehabilitation,  
9 reconstruction, relocation, repair, or remodeling of any  
10 existing buildings, improvements, and fixtures within the  
11 business district, and specifically including payments to  
12 developers or other nongovernmental persons as  
13 reimbursement for costs incurred by those developers or  
14 nongovernmental persons;

15 (6) costs of installation or construction within the  
16 business district of buildings, structures, works,  
17 streets, improvements, equipment, utilities, or fixtures,  
18 and specifically including payments to developers or other  
19 nongovernmental persons as reimbursements for such costs  
20 incurred by such developer or nongovernmental person;

21 (7) financing costs, including but not limited to all  
22 necessary and incidental expenses related to the issuance  
23 of obligations, payment of any interest on any obligations  
24 issued under this Law that accrues during the estimated  
25 period of construction of any development or redevelopment  
26 project for which those obligations are issued and for not

1 exceeding 36 months thereafter, and any reasonable  
2 reserves related to the issuance of those obligations; and

3 (8) relocation costs to the extent that a municipality  
4 determines that relocation costs shall be paid or is  
5 required to make payment of relocation costs by federal or  
6 State law.

7 "Business district tax allocation fund" means the special  
8 fund to be established by a municipality for a business  
9 district as provided in Section 11-74.3-6.

10 "Dissolution date" means the date on which the business  
11 district tax allocation fund shall be dissolved. The  
12 dissolution date shall be not later than 270 days following  
13 payment to the municipality of the last distribution of taxes  
14 as provided in Section 11-74.3-6.

15 ~~If the corporate authorities of a municipality desire to impose~~  
16 ~~a tax by ordinance pursuant to subsection (12) or (13) of~~  
17 ~~Section 11-74.3-3, the following additional procedures shall~~  
18 ~~apply to the designation of the business district and the~~  
19 ~~approval of the business district development or redevelopment~~  
20 ~~plan:~~

21 ~~(1) The corporate authorities of the municipality~~  
22 ~~shall hold public hearings at least one week prior to~~  
23 ~~designation of the business district and approval of the~~  
24 ~~business district development or redevelopment plan.~~

25 ~~(2) The area proposed to be designated as a business~~  
26 ~~district must be contiguous and must include only parcels~~

1 ~~of real property directly and substantially benefited by~~  
2 ~~the proposed business district development or~~  
3 ~~redevelopment plan.~~

4 ~~(3) The corporate authorities of the municipality~~  
5 ~~shall make a formal finding of the following: (i) the~~  
6 ~~business district is a blighted area that, by reason of the~~  
7 ~~predominance of defective or inadequate street layout,~~  
8 ~~unsanitary or unsafe conditions, deterioration of site~~  
9 ~~improvements, improper subdivision or obsolete platting,~~  
10 ~~or the existence of conditions which endanger life or~~  
11 ~~property by fire or other causes, or any combination of~~  
12 ~~those factors, retards the provision of housing~~  
13 ~~accommodations or constitutes an economic or social~~  
14 ~~liability or a menace to the public health, safety, morals,~~  
15 ~~or welfare in its present condition and use; and (ii) the~~  
16 ~~business district on the whole has not been subject to~~  
17 ~~growth and development through investment by private~~  
18 ~~enterprises or would not reasonably be anticipated to be~~  
19 ~~developed or redeveloped without the adoption of the~~  
20 ~~business district development or redevelopment plan.~~

21 ~~(4) The proposed business district development or~~  
22 ~~redevelopment plan shall set forth in writing: (i) a~~  
23 ~~specific description of the proposed boundaries of the~~  
24 ~~district, including a map illustrating the boundaries;~~  
25 ~~(ii) a general description of each project proposed to be~~  
26 ~~undertaken within the business district, including a~~

1 ~~description of the approximate location of each project;~~  
2 ~~(iii) the name of the proposed business district; (iv) the~~  
3 ~~estimated business district project costs; (v) the~~  
4 ~~anticipated source of funds to pay business district~~  
5 ~~project costs; (vi) the anticipated type and terms of any~~  
6 ~~obligations to be issued; and (vii) the rate of any tax to~~  
7 ~~be imposed pursuant to subsection (12) or (13) of Section~~  
8 ~~11-74.3-3 and the period of time for which the tax shall be~~  
9 ~~imposed.~~

10 (Source: P.A. 93-1053, eff. 1-1-05.)

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

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

14 (a) If the corporate authorities of a municipality have  
15 approved a business district ~~development or redevelopment~~  
16 plan, have designated a business district, and have elected to  
17 impose a tax by ordinance pursuant to subsection (11) or (12)  
18 of Section 11-74.3-3, then ~~subsections (b), (c), or (d) of this~~  
19 ~~Section,~~ each year after the date of the approval of the  
20 ordinance but terminating upon the date ~~and until~~ all business  
21 district project costs and all ~~municipal~~ obligations paying or  
22 reimbursing ~~financing the~~ business district project costs, if  
23 any, have been paid ~~in accordance with the business district~~  
24 ~~development or redevelopment plan,~~ but in no event later ~~longer~~  
25 than ~~23 years after the~~ dissolution ~~date of adoption of the~~

1 ~~ordinance approving the business district development or~~  
2 ~~redevelopment plan,~~ all amounts generated by the retailers'  
3 occupation tax and service occupation tax shall be collected  
4 and the tax shall be enforced by the Department of Revenue in  
5 the same manner as all retailers' occupation taxes and service  
6 occupation taxes imposed in the municipality imposing the tax  
7 and all amounts generated by the hotel operators' occupation  
8 tax shall be collected and the tax shall be enforced by the  
9 municipality in the same manner as all hotel operators'  
10 occupation taxes imposed in the municipality imposing the tax.  
11 The corporate authorities of the municipality shall deposit the  
12 proceeds of the taxes imposed under subsections (11) and (12)  
13 of Section 11-74.3-3 ~~(b), (c), and (d)~~ into a special fund ~~held~~  
14 ~~by the corporate authorities~~ of the municipality called the  
15 "[Name of] Business District Tax Allocation Fund" for the  
16 purpose of paying or reimbursing business district project  
17 costs and obligations incurred in the payment of those costs.

18 (b) The corporate authorities of a municipality that has  
19 designated ~~established~~ a business district under this Law  
20 Division 74.3 may, by ordinance ~~or resolution,~~ impose a  
21 Business District Retailers' Occupation Tax upon all persons  
22 engaged in the business of selling tangible personal property,  
23 other than an item of tangible personal property titled or  
24 registered with an agency of this State's government, at retail  
25 in the business district at a rate not to exceed 1% of the  
26 gross receipts from the sales made in the course of such

1 business, to be imposed only in 0.25% increments. The tax may  
2 not be imposed on food for human consumption that is to be  
3 consumed off the premises where it is sold (other than  
4 alcoholic beverages, soft drinks, and food that has been  
5 prepared for immediate consumption), prescription and  
6 nonprescription medicines, drugs, medical appliances,  
7 modifications to a motor vehicle for the purpose of rendering  
8 it usable by a disabled person, and insulin, urine testing  
9 materials, syringes, and needles used by diabetics, for human  
10 use.

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

1 subsection shall have the same rights, remedies, privileges,  
2 immunities, powers and duties, and be subject to the same  
3 conditions, restrictions, limitations, penalties, exclusions,  
4 exemptions, and definitions of terms and employ the same modes  
5 of procedure, as are prescribed in Sections 1, 1a through 1o, 2  
6 through 2-65 (in respect to all provisions therein other than  
7 the State rate of tax), 2c through 2h, 3 (except as to the  
8 disposition of taxes and penalties collected), 4, 5, 5a, 5c,  
9 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11,  
10 12, 13, and 14 of the Retailers' Occupation Tax Act and all  
11 provisions of the Uniform Penalty and Interest Act, as fully as  
12 if those provisions were set forth herein.

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

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

1 tax fund.

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



1 different taxing body but were erroneously paid to the  
2 municipality. Within 10 days after receipt by the Comptroller  
3 of the disbursement certification to the municipalities  
4 provided for in this subsection to be given to the Comptroller  
5 by the Department, the Comptroller shall cause the orders to be  
6 drawn for the respective amounts in accordance with the  
7 directions contained in the certification. The proceeds of the  
8 tax paid to municipalities under this subsection shall be  
9 deposited into the Business District Tax Allocation Fund by the  
10 municipality.

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

24 The Department of Revenue shall not administer or enforce  
25 an ordinance imposing, discontinuing, or changing the rate of  
26 the tax under this subsection, until the municipality also

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

1 if they reasonably relied on information provided by the  
2 municipality.

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

7 When certifying the amount of a monthly disbursement to a  
8 municipality under this subsection, the Department shall  
9 increase or decrease the amount by an amount necessary to  
10 offset any misallocation of previous disbursements. The offset  
11 amount shall be the amount erroneously disbursed within the  
12 previous 6 months from the time a misallocation is discovered.

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

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

19 (c) If a tax has been imposed under subsection (b), a  
20 Business District Service Occupation Tax shall also be imposed  
21 upon all persons engaged, in the business district, in the  
22 business of making sales of service, who, as an incident to  
23 making those sales of service, transfer tangible personal  
24 property within the business district, either in the form of  
25 tangible personal property or in the form of real estate as an  
26 incident to a sale of service. The tax shall be imposed at the

1 same rate as the tax imposed in subsection (b) and shall not  
2 exceed 1% of the selling price of tangible personal property so  
3 transferred within the business district, to be imposed only in  
4 0.25% increments. The tax may not be imposed on food for human  
5 consumption that is to be consumed off the premises where it is  
6 sold (other than alcoholic beverages, soft drinks, and food  
7 that has been prepared for immediate consumption),  
8 prescription and nonprescription medicines, drugs, medical  
9 appliances, modifications to a motor vehicle for the purpose of  
10 rendering it usable by a disabled person, and insulin, urine  
11 testing materials, syringes, and needles used by diabetics, for  
12 human use.

13 The tax imposed under this subsection and all civil  
14 penalties that may be assessed as an incident thereof shall be  
15 collected and enforced by the Department of Revenue. The  
16 certificate of registration which is issued by the Department  
17 to a retailer under the Retailers' Occupation Tax Act or under  
18 the Service Occupation Tax Act shall permit such registrant to  
19 engage in a business which is taxable under any ordinance or  
20 resolution enacted pursuant to this subsection without  
21 registering separately with the Department under such  
22 ordinance or resolution or under this subsection. The  
23 Department of Revenue shall have full power to administer and  
24 enforce this subsection; to collect all taxes and penalties due  
25 under this subsection; to dispose of taxes and penalties so  
26 collected in the manner hereinafter provided; and to determine

1 all rights to credit memoranda arising on account of the  
2 erroneous payment of tax or penalty under this subsection. In  
3 the administration of, and compliance with this subsection, the  
4 Department and persons who are subject to this subsection shall  
5 have the same rights, remedies, privileges, immunities, powers  
6 and duties, and be subject to the same conditions,  
7 restrictions, limitations, penalties, exclusions, exemptions,  
8 and definitions of terms and employ the same modes of procedure  
9 as are prescribed in Sections 2, 2a through 2d, 3 through 3-50  
10 (in respect to all provisions therein other than the State rate  
11 of tax), 4 (except that the reference to the State shall be to  
12 the business district), 5, 7, 8 (except that the jurisdiction  
13 to which the tax shall be a debt to the extent indicated in  
14 that Section 8 shall be the municipality), 9 (except as to the  
15 disposition of taxes and penalties collected, and except that  
16 the returned merchandise credit for this tax may not be taken  
17 against any State tax), 10, 11, 12 (except the reference  
18 therein to Section 2b of the Retailers' Occupation Tax Act), 13  
19 (except that any reference to the State shall mean the  
20 municipality), the first paragraph of Section 15, and Sections  
21 16, 17, 18, 19 and 20 of the Service Occupation Tax Act and all  
22 provisions of the Uniform Penalty and Interest Act, as fully as  
23 if those provisions were set forth herein.

24 Persons subject to any tax imposed under the authority  
25 granted in this subsection may reimburse themselves for their  
26 serviceman's tax liability hereunder by separately stating the

1 tax as an additional charge, which charge may be stated in  
2 combination, in a single amount, with State tax that servicemen  
3 are authorized to collect under the Service Use Tax Act, in  
4 accordance with such bracket schedules as the Department may  
5 prescribe.

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

14 The Department shall forthwith pay over to the State  
15 Treasurer, ex-officio, as trustee, all taxes, penalties, and  
16 interest collected under this subsection for deposit into the  
17 business district retailers' occupation tax fund. On or before  
18 the 25th day of each calendar month, the Department shall  
19 prepare and certify to the Comptroller the disbursement of  
20 stated sums of money to named municipalities from the business  
21 district retailers' occupation tax fund, the municipalities to  
22 be those from which suppliers and servicemen have paid taxes or  
23 penalties under this subsection to the Department during the  
24 second preceding calendar month. The amount to be paid to each  
25 municipality shall be the amount (not including credit  
26 memoranda) collected under this subsection during the second

1 preceding calendar month by the Department, less 2% of that  
2 amount, which shall be deposited into the Tax Compliance and  
3 Administration Fund and shall be used by the Department,  
4 subject to appropriation, to cover the costs of the Department  
5 in administering and enforcing the provisions of this  
6 subsection, and not including an amount equal to the amount of  
7 refunds made during the second preceding calendar month by the  
8 Department on behalf of such municipality. Within 10 days after  
9 receipt, by the Comptroller, of the disbursement certification  
10 to the municipalities, provided for in this subsection to be  
11 given to the Comptroller by the Department, the Comptroller  
12 shall cause the orders to be drawn for the respective amounts  
13 in accordance with the directions contained in such  
14 certification. The proceeds of the tax paid to municipalities  
15 under this subsection shall be deposited into the Business  
16 District Tax Allocation Fund by the municipality.

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

1 this subsection are met, the Department shall proceed to  
2 administer and enforce this subsection as of the first day of  
3 January next following the adoption and filing.

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



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

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

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

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

19 (d) By ordinance, a municipality that has designated  
20 ~~established~~ a business district under this Law ~~Division 74.3~~  
21 may impose an occupation tax upon all persons engaged in the  
22 business district in the business of renting, leasing, or  
23 letting rooms in a hotel, as defined in the Hotel Operators'  
24 Occupation Tax Act, at a rate not to exceed 1% of the gross  
25 rental receipts from the renting, leasing, or letting of hotel  
26 rooms within the business district, to be imposed only in 0.25%

1 increments, excluding, however, from gross rental receipts the  
2 proceeds of renting, leasing, or letting to permanent residents  
3 of a hotel, as defined in the Hotel Operators' Occupation Tax  
4 Act, and proceeds from the tax imposed under subsection (c) of  
5 Section 13 of the Metropolitan Pier and Exposition Authority  
6 Act.

7 The tax imposed by the municipality under this subsection  
8 and all civil penalties that may be assessed as an incident to  
9 that tax shall be collected and enforced by the municipality  
10 imposing the tax. The municipality shall have full power to  
11 administer and enforce this subsection, to collect all taxes  
12 and penalties due under this subsection, to dispose of taxes  
13 and penalties so collected in the manner provided in this  
14 subsection, and to determine all rights to credit memoranda  
15 arising on account of the erroneous payment of tax or penalty  
16 under this subsection. In the administration of and compliance  
17 with this subsection, the municipality and persons who are  
18 subject to this subsection shall have the same rights,  
19 remedies, privileges, immunities, powers, and duties, shall be  
20 subject to the same conditions, restrictions, limitations,  
21 penalties, and definitions of terms, and shall employ the same  
22 modes of procedure as are employed with respect to a tax  
23 adopted by the municipality under Section 8-3-14 of this Code.

24 Persons subject to any tax imposed under the authority  
25 granted in this subsection may reimburse themselves for their  
26 tax liability for that tax by separately stating that tax as an

1 additional charge, which charge may be stated in combination,  
2 in a single amount, with State taxes imposed under the Hotel  
3 Operators' Occupation Tax Act, and with any other tax.

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

8 The proceeds of the tax imposed under this subsection shall  
9 be deposited into the Business District Tax Allocation Fund.

10 (e) Obligations secured by the Business District Tax  
11 Allocation Fund may be issued to provide for the payment or  
12 reimbursement of business district project costs. Those  
13 obligations, when so issued, issued pursuant to subsection (14)  
14 of Section 11-74.3-3 shall be retired in the manner provided in  
15 the ordinance authorizing the issuance of those obligations by  
16 the receipts of taxes imposed pursuant to subsections (11) and  
17 (12) of Section 11-74.3-3 and by other revenue designated or  
18 pledged by the municipality. A municipality may in the  
19 ordinance pledge, for any period of time up to and including  
20 the dissolution date, all or any part of the funds in and  
21 levied as authorized in subsections (12) and (13) of Section  
22 11-74.3-3. The ordinance shall pledge all of the amounts in and  
23 to be deposited in the Business District Tax Allocation Fund to  
24 the payment of business district project costs and obligations.  
25 Whenever a municipality pledges all of the funds to the credit  
26 of a business district tax allocation fund to secure

1 obligations issued or to be issued to pay or reimburse business  
2 district project costs, the municipality may specifically  
3 provide that funds remaining to the credit of such business  
4 district tax allocation fund after the payment of such  
5 obligations shall be accounted for annually and shall be deemed  
6 to be "surplus" funds, and such "surplus" funds shall be  
7 expended by the municipality for any business district project  
8 cost as approved in the business district plan. Whenever a  
9 municipality pledges less than all of the monies to the credit  
10 of a business district tax allocation fund to secure  
11 obligations issued or to be issued to pay or reimburse business  
12 district project costs, the municipality shall provide that  
13 monies to the credit of the business district tax allocation  
14 fund and not subject to such pledge or otherwise encumbered or  
15 required for payment of contractual obligations for specific  
16 business district project costs shall be calculated annually  
17 and shall be deemed to be "surplus" funds, and such "surplus"  
18 funds shall be expended by the municipality for any business  
19 district project cost as approved in the business district  
20 plan. Obligations issued pursuant to subsection (14) of Section  
21 ~~11-74.3-3 may be sold at public or private sale at a price~~  
22 ~~determined by the corporate authorities of the municipality and~~  
23 ~~no referendum approval of the electors shall be required as a~~  
24 ~~condition to the issuance of those obligations. The ordinance~~  
25 ~~authorizing the obligations may require that the obligations~~  
26 ~~contain a recital that they are issued pursuant to subsection~~

1 ~~(14) of Section 11-74.3-3 and this recital shall be conclusive~~  
2 ~~evidence of their validity and of the regularity of their~~  
3 ~~issuance. The corporate authorities of the municipality may~~  
4 ~~also issue its obligations to refund, in whole or in part,~~  
5 ~~obligations previously issued by the municipality under the~~  
6 ~~authority of this Code, whether at or prior to maturity. All~~  
7 ~~obligations issued pursuant to subsection (14) of Section~~  
8 ~~11-74.3-3 shall not be regarded as indebtedness of the~~  
9 ~~municipality issuing the obligations for the purpose of any~~  
10 ~~limitation imposed by law.~~

11 No obligation issued pursuant to this Law and secured by a  
12 pledge of all or any portion of any revenues received or to be  
13 received by the municipality from the imposition of taxes  
14 pursuant to subsection (11) of Section 11-74.3-3, shall be  
15 deemed to constitute an economic incentive agreement under  
16 Section 8-11-20, notwithstanding the fact that such pledge  
17 provides for the sharing, rebate, or payment of retailers'  
18 occupation taxes or service occupation taxes imposed pursuant  
19 to subsection (11) of Section 11-74.3-3 and received or to be  
20 received by the municipality from the development or  
21 redevelopment of properties in the business district.

22 Without limiting the foregoing in this Section, the  
23 municipality may further secure obligations secured by the  
24 business district tax allocation fund with a pledge, for a  
25 period not greater than the term of the obligations and in any  
26 case not longer than the dissolution date, of any part or any

1 combination of the following: (i) net revenues of all or part  
2 of any business district project; (ii) taxes levied or imposed  
3 by the municipality on any or all property in the municipality,  
4 including, specifically, taxes levied or imposed by the  
5 municipality in a special service area pursuant to the Special  
6 Service Area Tax Law; (iii) the full faith and credit of the  
7 municipality; (iv) a mortgage on part or all of the business  
8 district project; or (v) any other taxes or anticipated  
9 receipts that the municipality may lawfully pledge.

10 Such obligations may be issued in one or more series, bear  
11 such date or dates, become due at such time or times as therein  
12 provided, but in any case not later than the dissolution date,  
13 bear interest payable at such intervals and at such rate or  
14 rates as set forth therein, except as may be limited by  
15 applicable law, which rate or rates may be fixed or variable,  
16 be in such denominations, be in such form, either coupon,  
17 registered, or book-entry, carry such conversion, registration  
18 and exchange privileges, be subject to defeasance upon such  
19 terms, have such rank or priority, be executed in such manner,  
20 be payable in such medium or payment at such place or places  
21 within or without the State, make provision for a corporate  
22 trustee within or without the State with respect to such  
23 obligations, prescribe the rights, powers, and duties thereof  
24 to be exercised for the benefit of the municipality and the  
25 benefit of the owners of such obligations, provide for the  
26 holding in trust, investment, and use of moneys, funds, and

1 accounts held under an ordinance, provide for assignment of and  
2 direct payment of the moneys to pay such obligations or to be  
3 deposited into such funds or accounts directly to such trustee,  
4 be subject to such terms of redemption with or without premium,  
5 and be sold at such price, all as the corporate authorities  
6 shall determine. No referendum approval of the electors shall  
7 be required as a condition to the issuance of obligations  
8 pursuant to this Law except as provided in this Section.

9 In the event the municipality authorizes the issuance of  
10 obligations pursuant to the authority of this Law secured by  
11 the full faith and credit of the municipality, or pledges ad  
12 valorem taxes pursuant to this subsection, which obligations  
13 are other than obligations which may be issued under home rule  
14 powers provided by Section 6 of Article VII of the Illinois  
15 Constitution or which ad valorem taxes are other than ad  
16 valorem taxes which may be pledged under home rule powers  
17 provided by Section 6 of Article VII of the Illinois  
18 Constitution or which are levied in a special service area  
19 pursuant to the Special Service Area Tax Law, the ordinance  
20 authorizing the issuance of those obligations or pledging those  
21 taxes shall be published within 10 days after the ordinance has  
22 been adopted, in a newspaper having a general circulation  
23 within the municipality. The publication of the ordinance shall  
24 be accompanied by a notice of (i) the specific number of voters  
25 required to sign a petition requesting the question of the  
26 issuance of the obligations or pledging such ad valorem taxes

1 to be submitted to the electors; (ii) the time within which the  
2 petition must be filed; and (iii) the date of the prospective  
3 referendum. The municipal clerk shall provide a petition form  
4 to any individual requesting one.

5 If no petition is filed with the municipal clerk, as  
6 hereinafter provided in this Section, within 21 days after the  
7 publication of the ordinance, the ordinance shall be in effect.  
8 However, if within that 21-day period a petition is filed with  
9 the municipal clerk, signed by electors numbering not less than  
10 15% of the number of electors voting for the mayor or president  
11 at the last general municipal election, asking that the  
12 question of issuing obligations using full faith and credit of  
13 the municipality as security for the cost of paying or  
14 reimbursing business district project costs, or of pledging  
15 such ad valorem taxes for the payment of those obligations, or  
16 both, be submitted to the electors of the municipality, the  
17 municipality shall not be authorized to issue obligations of  
18 the municipality using the full faith and credit of the  
19 municipality as security or pledging such ad valorem taxes for  
20 the payment of those obligations, or both, until the  
21 proposition has been submitted to and approved by a majority of  
22 the voters voting on the proposition at a regularly scheduled  
23 election. The municipality shall certify the proposition to the  
24 proper election authorities for submission in accordance with  
25 the general election law.

26 The ordinance authorizing the obligations may provide that



1 the obligations shall contain a recital that they are issued  
2 pursuant to this Law, which recital shall be conclusive  
3 evidence of their validity and of the regularity of their  
4 issuance.

5 In the event the municipality authorizes issuance of  
6 obligations pursuant to this Law secured by the full faith and  
7 credit of the municipality, the ordinance authorizing the  
8 obligations may provide for the levy and collection of a direct  
9 annual tax upon all taxable property within the municipality  
10 sufficient to pay the principal thereof and interest thereon as  
11 it matures, which levy may be in addition to and exclusive of  
12 the maximum of all other taxes authorized to be levied by the  
13 municipality, which levy, however, shall be abated to the  
14 extent that monies from other sources are available for payment  
15 of the obligations and the municipality certifies the amount of  
16 those monies available to the county clerk.

17 A certified copy of the ordinance shall be filed with the  
18 county clerk of each county in which any portion of the  
19 municipality is situated, and shall constitute the authority  
20 for the extension and collection of the taxes to be deposited  
21 in the business district tax allocation fund.

22 A municipality may also issue its obligations to refund, in  
23 whole or in part, obligations theretofore issued by the  
24 municipality under the authority of this Law, whether at or  
25 prior to maturity. However, the last maturity of the refunding  
26 obligations shall not be expressed to mature later than the

1 dissolution date.

2 In the event a municipality issues obligations under home  
3 rule powers or other legislative authority, the proceeds of  
4 which are pledged to pay or reimburse business district project  
5 costs, the municipality may, if it has followed the procedures  
6 in conformance with this Law, retire those obligations from  
7 funds in the business district tax allocation fund in amounts  
8 and in such manner as if those obligations had been issued  
9 pursuant to the provisions of this Law.

10 No obligations issued pursuant to this Law shall be  
11 regarded as indebtedness of the municipality issuing those  
12 obligations or any other taxing district for the purpose of any  
13 limitation imposed by law.

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

16 (f) When business district project costs, including,  
17 without limitation, all ~~municipal~~ obligations paying or  
18 reimbursing ~~financing~~ business district project costs ~~incurred~~  
19 ~~under Section 11-74.3-3~~ have been paid, any surplus funds then  
20 remaining in the Business District Tax Allocation Fund shall be  
21 distributed to the municipal treasurer for deposit into the  
22 ~~municipal~~ general corporate fund of the municipality. Upon  
23 payment of all business district project costs and retirement  
24 of all obligations paying or reimbursing business district  
25 project costs, but in no event more than 23 years after the  
26 date of adoption of the ordinance imposing taxes pursuant to

1 subsections (11) or (12) of Section 11-74.3-3, the municipality  
2 shall adopt an ordinance immediately rescinding the taxes  
3 imposed pursuant to said subsections. ~~approving the business~~  
4 ~~district development or redevelopment plan, the municipality~~  
5 ~~shall adopt an ordinance immediately rescinding the taxes~~  
6 ~~imposed pursuant to subsections (12) and (13) of Section~~  
7 ~~11-74.3-3.~~

8 (Source: P.A. 93-1053, eff. 1-1-05; 93-1089, eff. 3-7-05.)

9 (65 ILCS 5/11-74.3-7 new)

10 Sec. 11-74.3-7. Existing business districts. Except as  
11 hereinafter provided, business districts that were designated  
12 prior to the effective date of this amendatory Act of the 96th  
13 General Assembly shall continue to operate and be governed by  
14 the terms of this Law in effect prior to the effective date of  
15 this amendatory Act of the 96th General Assembly. Any  
16 municipality which has designated a business district prior to  
17 the effective date of this amendatory Act of the 96th General  
18 Assembly may, by ordinance, amend or supplement any proceedings  
19 taken in connection with the designation of a business district  
20 as shall be necessary to provide that this amendatory Act of  
21 the 96th General Assembly shall apply to such business  
22 district.

23 Section 99. Effective date. This Act takes effect upon  
24 becoming law.