

97TH GENERAL ASSEMBLY State of Illinois 2011 and 2012 HB1606

Introduced 2/15/2011, by Rep. William Davis

SYNOPSIS AS INTRODUCED:

New Act 30 ILCS 105/5.786 new

Creates the Brownfields Redevelopment and Intermodal Promotion Act. Provides that the incremental income tax attributable to a new employee of an individual, partnership, corporation, or other entity that is employed within the South Suburban Intermodal Redevelopment Zone shall be deposited into the South Suburban Intermodal Redevelopment Zone Fund. Sets forth the boundaries of the South Suburban Intermodal Redevelopment Zone. Provides that moneys in the South Suburban Intermodal Redevelopment Zone Fund shall be used to fund eligible projects within the South Suburban Intermodal Redevelopment Zone. Sets forth limits on expenditures from the South Suburban Intermodal Redevelopment Zone Fund. Contains other provisions. Amends the State Finance Act to create the South Suburban Intermodal Redevelopment Zone Fund as a special fund. Effective immediately.

LRB097 09492 RLJ 49629 b

FISCAL NOTE ACT MAY APPLY 1 AN ACT concerning intermodal facilities.

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

- Section 1. Short title. This Act may be cited as the Brownfields Redevelopment and Intermodal Promotion Act.
- Section 5. Purpose. The General Assembly has determined 6 7 that it is in the interest of the State of Illinois to 8 encourage the efficient development of the facilities and 9 businesses that intermodal terminals attract, to the extent that such development is consistent with existing regional 10 development; that it is in the interest of the State to use 11 12 these kinds of developments to assist, enable, and facilitate remediation of brownfield sites located within specified areas 13 14 and communities in Illinois; and furthermore that it is in the interest of the State to encourage the hiring of minority and 15 16 other historically disadvantaged individuals in new businesses 17 or facilities developed with State assistance, and especially encourage the hiring of individuals who 18 reside 19 high-unemployment communities where such businesses or20 facilities are developed.
- 21 Section 10. Definitions. As used in this Act:
- 22 "Agreement" means the agreement between an eligible

- developer and the managing entity under this Act.
- 2 "Brownfield" means real property, the expansion,
- 3 redevelopment, or reuse of which may be complicated by the
- 4 presence or potential presence of a hazardous substance,
- 5 pollutant, or contaminant.
- 6 "Department" means the Department of Commerce and Economic
- 7 Opportunity.
- 8 "Director" means the Director of Commerce and Economic
- 9 Opportunity.
- "Eligible activity" means any task performed to achieve the
- 11 purpose of this Act, including the improvement of
- 12 infrastructure or other measures to prepare land for
- 13 redevelopment, as defined in Section 45.
- "Eligible developer" means an individual, partnership,
- 15 corporation, or other entity currently and actively engaged in
- the development of logistics, warehousing, distribution, or
- 17 light manufacturing facilities in North America, that owns,
- 18 options, or otherwise directly controls a parcel of land that
- is part of the South Suburban Intermodal Redevelopment Zone.
- "Eligible employer" means an individual, partnership,
- 21 corporation, or other entity that employs or will employ
- 22 full-time employees within the South Suburban Intermodal
- 23 Redevelopment Zone.
- "Eligible project" means a set of eligible activities
- 25 undertaken to improve infrastructure or other measures that
- 26 prepare land for redevelopment, as defined in Section 45,

whether undertaken directly by the managing entity, by an entity selected by and contracted with the managing entity, or achieved through an agreement with an eligible developer or an eligible employer.

"Employment goal" means the percentage of labor hours to be performed by employees who are a member of a minority group and who reside in one of the municipalities located within the South Suburban Intermodal Redevelopment Zone.

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

"Green infrastructure" means any on-site features that are expressly designed to lower the impact of a development on the natural environment or on the quality of life in the surrounding community, including, but not limited to: wind turbines, solar panels, vegetated green roof, permeable pavers, and bio-swales to reduce storm water run-off; landscaping used to buffer the industrial site from adjacent residential properties or roadways, or similar enhancements,

1 as part of the development of an eligible project.

"Incremental income tax" means the total amount withheld from the compensation of new employees under Article 7 of the Illinois Income Tax Act arising from employment by an eligible employer.

"Infrastructure" means roads, access roads, and streets; bridges; sidewalks; streetlights; perimeter fencing; water and sewer line extensions or improvements; stormwater drainage and retention facilities; gas and electric utility line extensions or improvements; rail improvements including signalization and siding construction or repair; any required or designated environmental assessment, inspection, or remediation of a specific brownfield site located on land where any portion of an eligible project is taking place; or other improvements that are essential to the development of an eligible project.

"Intermodal" means the transfer of freight between 2 or more modes of transportation, as between rail and truck.

"Intermodal terminal" means an integrated facility where trailers and containers are transferred between intermodal railcars and highway carriers, including domestic and international container shipments; or an integrated facility where dry or liquid bulk and packaged commodities are transferred between conventional railroad freight cars and highway carriers.

"Managing entity" means the organization that is authorized to perform an inter-related set of tasks necessary

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for the development and redevelopment of parcels of land that
are part of the South Suburban Intermodal Redevelopment Zone,
whether that entity performs those tasks directly, contracts
with an entity of its choosing, or enters into agreement with
eligible developers or eligible employers to perform these
tasks.

"Minority" means a person who is a citizen or lawful permanent resident of the United States and who is: (i) African American, meaning a person whose origins are in any of the Black racial groups of Africa, and who has historically and consistently identified himself or herself as being such a person; (ii) Hispanic American or Latino American, meaning a person whose origins are in Mexico, Central or South America, or any of the Spanish speaking islands of the Caribbean (for example Cuba and Puerto Rico), regardless of race, and who has historically and consistently identified himself or herself as being such a person; (iii) Asian or Pacific Islander American, meaning a person whose origins are in any of the original peoples of the Far East, Southeast Asia, the islands of the Pacific or the Northern Marianas, or the Indian Subcontinent, and who has historically and consistently identified himself or herself as being such a person; or (iv) Native American, meaning a person having origins in any of the original peoples of North America, and who maintain tribal affiliation or demonstrate at least one-quarter descent from such groups, and who has historically and consistently identified himself or

"New employee" means a full-time employee first employed by an eligible employer for a project that is the subject of an agreement between the managing entity and an eligible developer or eligible employer and who is hired after the eligible developer enters into the agreement, but does not include:

- (1) an employee of the eligible employer who performs a job that (i) existed for at least 6 months before the employee was hired and (ii) was previously performed by another employee;
- (2) an employee of the eligible employer who was previously employed in Illinois by a related member of the eligible employer and whose employment was shifted to the eligible employer after the eligible employer entered into the agreement; or
- (3) a child, grandchild, parent, or spouse, other than a spouse who is legally separated from the individual, of any individual who has a direct or an indirect ownership interest of at least 5% in the profits, capital, or value of the eligible employer.

Notwithstanding item (2) of this definition, an employee may be considered a new employee under the agreement if the employee performs a job that was previously performed by an employee who was: (i) treated under the agreement as a new employee and (ii) promoted by the eligible employer to another job.

"Professional Employer Organization" (PEO) means an employee leasing company, as defined in Section 206.1(A)(2) of the Unemployment Insurance Act.

"Related member" means a person or entity that, with respect to the eligible employer during any portion of the taxable year, is any one of the following:

- (1) an individual stockholder, if the stockholder and the members of the stockholder's family (as defined in Section 318 of the Internal Revenue Code) own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the eligible employer's outstanding stock;
- (2) a partnership, estate, or trust and any partner or beneficiary, if the partnership, estate, or trust, and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or value of the eligible employer;
- (3) a corporation, and any party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of Section 318 of the Internal Revenue Code, if the taxpayer owns directly, indirectly, beneficially, or constructively at least 50% of the value of the corporation's outstanding stock;

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- (4) a corporation and any party related to that corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of Section 318 of the Internal Revenue Code, corporation and all such related parties own in aggregate at least 50% of the profits, capital, stock, or value of the eligible employer; or
- (5) a person to or from whom there is attribution of stock ownership in accordance with Section 1563(e) of the Internal Revenue Code, except, for purposes of determining whether a person is a related member under this definition, 20% shall be substituted for 5% wherever 5% appears in Section 1563(e) of the Internal Revenue Code.

"South Suburban Intermodal Redevelopment Zone" (the Zone) means the area fully encompassing all properties, acreage, and including Environmental Protection structures, Agency designated brownfield sites, that are zoned for industrial uses by the applicable local zoning authority, and which are located within the following South Suburban Cook County municipalities that are wholly or partially located within 4 miles from the major truck gate of the Canadian National intermodal freight terminal, and which are therefore by definition also served by the Union Pacific intermodal freight terminal, and which contain or are immediately adjacent to a freight rail line, and which either (i) contain at least 25 acres of vacant or

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underutilized industrial land, of which at least 10 acres are contiguous, as per a 2011 survey conducted by the South Suburban Mayors and Managers Association (SSMMA); or (ii) share a boundary with the CN terminal: City of Blue Island, Calumet City, City of Chicago Heights, Village of Dixmoor, Village of Dolton, Village of East Hazel Crest, Village of Glenwood, City of Harvey, Village of Hazel Crest, Village of Homewood, Village of Lansing, City of Markham, Village of Phoenix, Village of Posen, Village of Riverdale, Village of Robbins, Village of South Holland, and Village of Thornton.

"Underutilized land" means land whose assessed value is greater than the assessed value of its improvements.

Section 15. South Suburban Intermodal Redevelopment Zone Fund. The South Suburban Intermodal Redevelopment Zone Fund is created as a special fund in the State treasury. As soon as possible, upon certification of the Department of Revenue following review of the amounts contained in the quarter annual report required under paragraph 4 of Section 50, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the South Suburban Intermodal Redevelopment Zone Fund an amount equal to the incremental income tax for the previous month attributable to a project that is implemented directly by the managing entity or the subject of an agreement. These revenues may be used to support the activities detailed under Section 45 within the

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1 South Suburban Intermodal Redevelopment Zone.

Section 20. South Suburban Intermodal Redevelopment Zone Fund; eligible projects. In State fiscal years 2011 through 2023, all moneys in the South Suburban Intermodal Redevelopment Zone Fund are held solely to fund eligible projects undertaken subject to the provisions of Section 35 and performed either directly by the managing entity, by an entity of its choosing contracted to perform specific tasks, or by an eligible developer or eligible employer through an agreement. All eligible projects are subject to review and approval by the Department. The life span of the Fund may be extended past fiscal year 2023 by law.

Section 25. Limitation on amounts for eligible projects. The total amount of tax increment available to the managing entity for eligible projects shall not exceed \$6,000,000 in each State fiscal year. Any increment generated in a given State fiscal year in excess of \$6,000,000 shall revert to the State. Any revenues in the South Suburban Intermodal Redevelopment Zone Fund not used in a given fiscal year may be rolled over into subsequent fiscal years for use by the managing entity for eligible purposes.

No eligible developer or eligible employer shall receive moneys that are attributable to a project that is not the subject of the developer's or employer's agreement with the

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1 managing entity, as approved by the Department.

Reimbursement of eligible expenses through the South Suburban Intermodal Redevelopment Zone Fund shall not preclude the receipt of benefits from any Enterprise Zone, Tax Increment Finance District, property tax abatement program, or other business development program of a federal, State, or local economic development program that may be available to the project.

Section 30. Managing entity.

(a) The managing entity under this Act shall be the South Suburban Intermodal Development Board. The Board consists of one member appointed by the chief executive of each of the 18 municipalities located within the Zone, 2 members appointed by the Governor, and one member appointed by the President of the Cook County Board of Commissioners. All members shall be appointed for a term of 3 years. Upon the expiration of each member's term, a successor shall be appointed for a term of 3 years. Vacancies on the Board shall be filled in the same manner as original appointments, and any members so appointed shall serve during the remainder of the term for which the vacancy occurred. The appointments shall be made within 90 days after the effective date of this Act. Six members shall constitute a quorum. The Board shall elect a Chairperson from amongst its members by simple majority vote. Members shall serve without compensation. Accurate minutes shall be kept of

- all meetings of the Board. The Board shall be called at the discretion of the Chair or any 4 members of the Board.
 - (b) The managing entity is responsible for ensuring that the Zone is redeveloped to simultaneously maximize the following:
 - (1) Restoration of all industrially zoned land in the Zone to its best and highest use, defined here as the highest possible number of new jobs in logistics or manufacturing operations and the highest levels of new business revenues.
 - (2) Protection and improvement of the Zone's natural environment so that the Zone is a healthy place for workers, residents, and visitors.
 - (3) Contracting of firms based in the Zone and owned by members of minority groups for activities funded with revenues from the South Suburban Intermodal Redevelopment Zone Fund; and employment of residents of the Zone who are members of minority groups as workers in the enterprises that operate within the Zone.
 - (c) In order to fulfill the responsibilities set forth in subsection (b), the managing entity has the following powers and duties, which shall collectively comprise its program administration tasks:
 - (1) Create, gain approval from the Director for, and regularly update a master plan for the redevelopment of the Zone, including the following elements:

1	(A)	Exp	lanation	of	how	the	features	of	the	plan
2	allow	the	managing	е	ntit	y to	fulfill	t	he	broad
3	respons	ibil	ity outlin	ned	in t	his S	ection.			

- (B) Tasks that the managing entity will undertake, directly or through agreements with eligible developers or eligible employers, to develop or improve infrastructure or otherwise prepare, redevelop, or market parcels within the Zone.
- (C) Criteria by which the managing entity will evaluate and select from among potential eligible projects to carry out its basic responsibilities as outlined in this Section, including criteria that will fulfill the following programmatic goals: (i) at least 30% of labor hours must be performed by members of minority groups who reside in the Zone and (ii) at least 20% of the dollar value of contracts and subcontracts must be held by minority-owned firms that are based in the Zone.
- (D) Methods the managing entity employed to receive and incorporate input on the master plan from a broad range of residents and stakeholders within the Zone, and methods it will employ to publicize the master plan so that it is constantly available for public review.
- (E) Documentation of the master plan's consistency with the applicable metropolitan planning

organizat	cion's cu	ırrent	regional	compre	ehensiv	ve plan	and
regional	Transpo	rtatio	n Improve	ement	Plan	(TIP),	and
with the	current	State	Transport	tation	Improv	vement	Plan
(STIP).							

- (2) Develop and maintain a current database or set of databases with detailed information including:
 - (A) All industrially zoned real estate properties located within the Zone including information concerning each property's ownership; current or delinquent tax status; proximity to major elements of freight infrastructure; status as a potential or designated brownfield; and any other information to support the marketing and redevelopment of properties located within the Zone.
 - (B) All major elements of infrastructure that serve the industrial sites of the Zone, including the capacity and state of repair of rail lines and spurs, roadways, water, sewage, and power systems.
 - (C) Names of minority-owned contracting firms that are based within the Zone and wish to be hired by eligible developers or eligible employers, including the qualifications and contact information for these contractors.
 - (D) Names of individuals who are residents of municipalities located within the Zone and are members of a minority group, who wish to be employed by

eligible developers or eligible employers, including the qualifications and contact information for these residents.

- (3) Execute its master plan through a series of eligible activities as outlined in Section 45, whether it undertakes those activities directly, by contracting with an entity of its choosing, or through agreements with eligible developers or employers.
- (4) Evaluate project proposals, whether undertaken directly by the managing entity or through agreements, to determine their appropriateness and priority for funding based on the evaluation criteria defined in the master plan.
- (5) Negotiate and monitor agreements with eligible developers and employers.
- (6) Maintain records of activities and financial transactions including regular reports to the Department and an annual certified public audit.
- (7) Publish and make publicly available an annual report detailing local minority hiring and contracting that has resulted from the use of revenues in the Fund, to include the following: the number and percentage of new employees that are members of minority groups, and the percentage of total labor hours these new employees performed; the number and percentage of new employees that are residents of the Zone; the total dollar value of

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eligible costs that were contracted or subcontracted to minority-owned firms, with the same value expressed as a percentage of total eligible costs incurred; the total dollar value of eligible costs that were contracted or subcontracted to firms based within the Zone, with the same value expressed as a percentage of total eligible costs incurred; and an explanation of concrete steps that will be t.aken if these values do not meet the following programmatic goals: (i) at least 30% of labor hours must be performed by members of minority groups who reside in the Zone and (ii) at least 20% of the dollar value of contracts and subcontracts must be held by minority-owned firms that are based in the Zone.

- (8) Report to the Director quarterly on the progress of executing the master plan and eligible activities.
- (d) The managing entity shall manage and allocate all South Suburban Intermodal Zone Fund revenues subject to the Director's finding that funds are being used to execute the master plan for redevelopment of the Zone.
- The managing entity may, at its discretion, contract with an entity of its choosing to support these program administration tasks.
- Section 35. Eligible projects. Funds may be used only for projects that are necessary for the establishment of a facility classified under the current edition of the Urban Land

Institute's "Guide to Classifying Industrial Property" in one of the following primary categories: warehouse distribution, manufacturing (light), or freight forwarding; where the secondary categories under warehouse distribution include regional, bulk, and rack-supported warehouses as well as both heavy and refrigerated distribution facilities; and where the secondary category under freight forwarding includes truck terminals.

9 Projects must adhere to applicable local and regional zoning regulations.

Projects may consist of new construction or expansion of existing facilities so long as the expansion results in the creation of new jobs.

Section 40. Prohibited projects. Funds shall not be used to support projects that create the following types of permanent facilities and structures: (i) any type or kind of processing, handing, or sorting facility for any kind of municipal or private liquid or solid waste; (ii) any type or kind of intermodal or multimodal transfer station for any kind of municipal or private liquid or solid waste; or (iii) container storage yards that are not part of a larger facility whose primary function is the maintenance, repair, and rebuilding of transportation equipment including intermodal containers and trailers, container chassis, mechanical lift equipment, hostling tractors, and over-the-road tractors.

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Temporary or short-term processing or transfer facilities specifically used as part of an approved environmental remediation plan for a specific site or parcel under an agreement are permitted.

Any permanent facility used for transloading non-hazardous scrap paper or waste paper from either trucks or railcars only into international steamship containers for export to Asia, moving from Illinois via rail intermodal service, are permitted.

- Section 45. Eligible activities. The managing entity may use revenues from the South Suburban Intermodal Redevelopment Zone Fund in the following ways:
 - (1) Program administration costs. The managing entity may use, or contract with an entity of its choosing to use, up to a total of 15% of revenues generated from the increment over the course of the fiscal year to support the responsibilities in that fiscal year as detailed in Section 30. The managing entity must find additional funds for any program administration costs not covered by the 15%. Subject to the Department's approval, the managing entity may impose a modest application processing fee from eligible developers and eligible employers who submit proposals, and may use these fees to support program administration.
 - (2) Reimbursement of costs incurred for the following

activities undertaken by the managing entity itself, or by eligible developers or eligible employers as part of the execution of an agreement, any of which services may be subcontracted out to third parties:

- (A) Acquisition and preparation of land within the Zone for redevelopment, including brownfield assessment and remediation; land assembly; site development plans; demolition of derelict or outdated structures; and any other action with the express purpose of readying the land for redevelopment.
- (B) Infrastructure improvements and repair, including green infrastructure.
- (C) Recruiting and training of minority-owned firms based within the Zone or of individuals who are members of a minority group and residents of the Zone for employment in logistics or light manufacturing employment, such as through pre-employment services, pre-apprenticeship training, apprenticeship training, and skills training.
- (D) Relief of real estate property taxes paid by an eligible developer or eligible employer to a municipality or county for land and improvements that are the subject of an agreement, over a timeframe or up to an amount specified in the agreement, not to exceed 12 years.
 - (E) Any other activities not listed here that are

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eligible for TIF financing under Illinois law.

- (3) Repairing or upgrading infrastructure on publicly owned land, including rights of way, to facilitate the redevelopment of land through private investment. Any brownfield site included in an agreement with an eligible developer or eligible employer shall remain fully eligible for all State and Federal tax incentives and grants specifically related to brownfield remediation and that these incentives and grants shall have no impact on the amount of payments for project costs received by an eligible developer or eligible employer under this Act.
- Section 50. Agreements with applicants. The Department shall enter into an agreement with an eligible developer or eligible employer who is entitled to grants under this Act. The agreement must contain all of the following:
 - (1) A detailed description of the project that is the subject of the agreement, including the location of the project, the expected number of jobs to be created by the project, and a list of the costs incurred or to be incurred by the eligible developer or employer for eligible activities, excluding any amounts that are to be funded through other public sources.
 - (2) A requirement that the eligible developer or eligible employer maintain operations at the project location, stated as a minimum number of years not to exceed

1 10 years.

- (3) A specific method for determining the number of new employees attributable to the project.
- (4) A requirement that the eligible developer or eligible employer report on a quarter annual basis to the managing entity, the Department, and the Department of Revenue the number of new employees and the incremental income tax withheld in connection with the new employees.
- (5) A provision authorizing the Department to verify with the Department of Revenue the amounts reported under paragraph (4).
- (6) A provision authorizing the Department of Revenue to audit the information reported under paragraph (4).
- (7) A plan for how the eligible developer or eligible employer will encourage local minority hiring, including specific employment goals and plans for recruiting, training, and retaining local minority employees; a list of 2 or more community organizations that it plans to work with to achieve those goals and plans; and a specific method for determining and reporting on the fulfillment of local minority hiring goals, both in terms of the percentage of full-time employees and the percentage of work hours performed.
- (8) Documentation that any road improvements that are part of the agreement are consistent with the current regional Transportation Improvement Plan (TIP) and the

- 1 State Transportation Improvement Plan (STIP).
- 2 Section 55. Rules. The Department and the Department of
- 3 Revenue may promulgate rules necessary to implement this Act.
- 4 Section 97. Severability. The provisions of this Act are
- 5 severable under Section 1.31 of the Statute on Statutes.
- 6 Section 98. The State Finance Act is amended by adding
- 7 Section 5.786 as follows:
- 8 (30 ILCS 105/5.786 new)
- 9 Sec. 5.786. The South Suburban Intermodal Redevelopment
- 10 Zone Fund.
- 11 Section 99. Effective date. This Act takes effect upon
- 12 becoming law.