



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1626

Introduced 2/9/2011, by Sen. Heather A. Steans

SYNOPSIS AS INTRODUCED:

65 ILCS 5/11-74.4-8

from Ch. 24, par. 11-74.4-8

Amends the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code. Provides that the portion of taxes levied by a school district located in a redevelopment project area that is (i) established by the City of Chicago on or after the effective date of the amendatory Act or (ii) established by the City of Chicago prior to the effective date of the amendatory Act and extended by the General Assembly on or after the effective date of the amendatory Act shall be allocated and paid to the school district in the manner required by law in the absence of the adoption of tax increment allocation financing. Effective immediately.

LRB097 08949 KMW 49082 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT concerning local government.

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

4 Section 5. The Illinois Municipal Code is amended by
5 changing Section 11-74.4-8 as follows:

6 (65 ILCS 5/11-74.4-8) (from Ch. 24, par. 11-74.4-8)

7 Sec. 11-74.4-8. Tax increment allocation financing. A
8 municipality may not adopt tax increment financing in a
9 redevelopment project area after the effective date of this
10 amendatory Act of 1997 that will encompass an area that is
11 currently included in an enterprise zone created under the
12 Illinois Enterprise Zone Act unless that municipality,
13 pursuant to Section 5.4 of the Illinois Enterprise Zone Act,
14 amends the enterprise zone designating ordinance to limit the
15 eligibility for tax abatements as provided in Section 5.4.1 of
16 the Illinois Enterprise Zone Act. A municipality, at the time a
17 redevelopment project area is designated, may adopt tax
18 increment allocation financing by passing an ordinance
19 providing that the ad valorem taxes, if any, arising from the
20 levies upon taxable real property in such redevelopment project
21 area by taxing districts and tax rates determined in the manner
22 provided in paragraph (c) of Section 11-74.4-9 each year after
23 the effective date of the ordinance until redevelopment project

1 costs and all municipal obligations financing redevelopment
2 project costs incurred under this Division have been paid shall
3 be divided as follows:

4 (a) That portion of taxes levied upon each taxable lot,
5 block, tract or parcel of real property which is attributable
6 to the lower of the current equalized assessed value or the
7 initial equalized assessed value of each such taxable lot,
8 block, tract or parcel of real property in the redevelopment
9 project area shall be allocated to and when collected shall be
10 paid by the county collector to the respective affected taxing
11 districts in the manner required by law in the absence of the
12 adoption of tax increment allocation financing.

13 (a-5) That portion of taxes levied upon each taxable lot,
14 block, tract, or parcel of real property which is attributable
15 to a school district located in a redevelopment project area
16 that is (i) established on or after the effective date of this
17 amendatory Act of the 97th General Assembly by the City of
18 Chicago or (ii) established by the City of Chicago prior to the
19 effective date of this amendatory Act of the 97th General
20 Assembly and extended by the General Assembly on or after the
21 effective date of this amendatory Act of the 97th General
22 Assembly shall be allocated to and when collected shall be paid
23 by the county collector to the school district in the manner
24 required by law in the absence of the adoption of tax increment
25 allocation financing. Tax proceeds generated from a
26 redevelopment project area that is established by the City of

1 Chicago prior to the effective date of this amendatory Act of
2 the 97th General Assembly and extended by the General Assembly
3 on or after the effective date of this amendatory Act of the
4 97th General Assembly shall be allocated and paid to school
5 districts in accordance with this subsection (a-5) only during
6 the period of the extension.

7 (b) Except from a tax levied by a township to retire bonds
8 issued to satisfy court-ordered damages, that portion, if any,
9 of such taxes which is attributable to the increase in the
10 current equalized assessed valuation of each taxable lot,
11 block, tract or parcel of real property in the redevelopment
12 project area over and above the initial equalized assessed
13 value of each property in the project area shall be allocated
14 to and when collected shall be paid to the municipal treasurer
15 who shall deposit said taxes into a special fund called the
16 special tax allocation fund of the municipality for the purpose
17 of paying redevelopment project costs and obligations incurred
18 in the payment thereof. In any county with a population of
19 3,000,000 or more that has adopted a procedure for collecting
20 taxes that provides for one or more of the installments of the
21 taxes to be billed and collected on an estimated basis, the
22 municipal treasurer shall be paid for deposit in the special
23 tax allocation fund of the municipality, from the taxes
24 collected from estimated bills issued for property in the
25 redevelopment project area, the difference between the amount
26 actually collected from each taxable lot, block, tract, or

1 parcel of real property within the redevelopment project area
2 and an amount determined by multiplying the rate at which taxes
3 were last extended against the taxable lot, block, track, or
4 parcel of real property in the manner provided in subsection
5 (c) of Section 11-74.4-9 by the initial equalized assessed
6 value of the property divided by the number of installments in
7 which real estate taxes are billed and collected within the
8 county; provided that the payments on or before December 31,
9 1999 to a municipal treasurer shall be made only if each of the
10 following conditions are met:

11 (1) The total equalized assessed value of the
12 redevelopment project area as last determined was not less
13 than 175% of the total initial equalized assessed value.

14 (2) Not more than 50% of the total equalized assessed
15 value of the redevelopment project area as last determined
16 is attributable to a piece of property assigned a single
17 real estate index number.

18 (3) The municipal clerk has certified to the county
19 clerk that the municipality has issued its obligations to
20 which there has been pledged the incremental property taxes
21 of the redevelopment project area or taxes levied and
22 collected on any or all property in the municipality or the
23 full faith and credit of the municipality to pay or secure
24 payment for all or a portion of the redevelopment project
25 costs. The certification shall be filed annually no later
26 than September 1 for the estimated taxes to be distributed

1 in the following year; however, for the year 1992 the
2 certification shall be made at any time on or before March
3 31, 1992.

4 (4) The municipality has not requested that the total
5 initial equalized assessed value of real property be
6 adjusted as provided in subsection (b) of Section
7 11-74.4-9.

8 The conditions of paragraphs (1) through (4) do not apply
9 after December 31, 1999 to payments to a municipal treasurer
10 made by a county with 3,000,000 or more inhabitants that has
11 adopted an estimated billing procedure for collecting taxes. If
12 a county that has adopted the estimated billing procedure makes
13 an erroneous overpayment of tax revenue to the municipal
14 treasurer, then the county may seek a refund of that
15 overpayment. The county shall send the municipal treasurer a
16 notice of liability for the overpayment on or before the
17 mailing date of the next real estate tax bill within the
18 county. The refund shall be limited to the amount of the
19 overpayment.

20 It is the intent of this Division that after the effective
21 date of this amendatory Act of 1988 a municipality's own ad
22 valorem tax arising from levies on taxable real property be
23 included in the determination of incremental revenue in the
24 manner provided in paragraph (c) of Section 11-74.4-9. If the
25 municipality does not extend such a tax, it shall annually
26 deposit in the municipality's Special Tax Increment Fund an

1 amount equal to 10% of the total contributions to the fund from
2 all other taxing districts in that year. The annual 10% deposit
3 required by this paragraph shall be limited to the actual
4 amount of municipally produced incremental tax revenues
5 available to the municipality from taxpayers located in the
6 redevelopment project area in that year if: (a) the plan for
7 the area restricts the use of the property primarily to
8 industrial purposes, (b) the municipality establishing the
9 redevelopment project area is a home-rule community with a 1990
10 population of between 25,000 and 50,000, (c) the municipality
11 is wholly located within a county with a 1990 population of
12 over 750,000 and (d) the redevelopment project area was
13 established by the municipality prior to June 1, 1990. This
14 payment shall be in lieu of a contribution of ad valorem taxes
15 on real property. If no such payment is made, any redevelopment
16 project area of the municipality shall be dissolved.

17 If a municipality has adopted tax increment allocation
18 financing by ordinance and the County Clerk thereafter
19 certifies the "total initial equalized assessed value as
20 adjusted" of the taxable real property within such
21 redevelopment project area in the manner provided in paragraph
22 (b) of Section 11-74.4-9, each year after the date of the
23 certification of the total initial equalized assessed value as
24 adjusted until redevelopment project costs and all municipal
25 obligations financing redevelopment project costs have been
26 paid the ad valorem taxes, if any, arising from the levies upon

1 the taxable real property in such redevelopment project area by
2 taxing districts and tax rates determined in the manner
3 provided in paragraph (c) of Section 11-74.4-9 shall be divided
4 as follows:

5 (1) That portion of the taxes levied upon each taxable
6 lot, block, tract or parcel of real property which is
7 attributable to the lower of the current equalized assessed
8 value or "current equalized assessed value as adjusted" or
9 the initial equalized assessed value of each such taxable
10 lot, block, tract, or parcel of real property existing at
11 the time tax increment financing was adopted, minus the
12 total current homestead exemptions under Article 15 of the
13 Property Tax Code in the redevelopment project area shall
14 be allocated to and when collected shall be paid by the
15 county collector to the respective affected taxing
16 districts in the manner required by law in the absence of
17 the adoption of tax increment allocation financing.

18 (2) That portion, if any, of such taxes which is
19 attributable to the increase in the current equalized
20 assessed valuation of each taxable lot, block, tract, or
21 parcel of real property in the redevelopment project area,
22 over and above the initial equalized assessed value of each
23 property existing at the time tax increment financing was
24 adopted, minus the total current homestead exemptions
25 pertaining to each piece of property provided by Article 15
26 of the Property Tax Code in the redevelopment project area,

1 shall be allocated to and when collected shall be paid to
2 the municipal Treasurer, who shall deposit said taxes into
3 a special fund called the special tax allocation fund of
4 the municipality for the purpose of paying redevelopment
5 project costs and obligations incurred in the payment
6 thereof.

7 The municipality may pledge in the ordinance the funds in
8 and to be deposited in the special tax allocation fund for the
9 payment of such costs and obligations. No part of the current
10 equalized assessed valuation of each property in the
11 redevelopment project area attributable to any increase above
12 the total initial equalized assessed value, or the total
13 initial equalized assessed value as adjusted, of such
14 properties shall be used in calculating the general State
15 school aid formula, provided for in Section 18-8 of the School
16 Code, until such time as all redevelopment project costs have
17 been paid as provided for in this Section.

18 Whenever a municipality issues bonds for the purpose of
19 financing redevelopment project costs, such municipality may
20 provide by ordinance for the appointment of a trustee, which
21 may be any trust company within the State, and for the
22 establishment of such funds or accounts to be maintained by
23 such trustee as the municipality shall deem necessary to
24 provide for the security and payment of the bonds. If such
25 municipality provides for the appointment of a trustee, such
26 trustee shall be considered the assignee of any payments

1 assigned by the municipality pursuant to such ordinance and
2 this Section. Any amounts paid to such trustee as assignee
3 shall be deposited in the funds or accounts established
4 pursuant to such trust agreement, and shall be held by such
5 trustee in trust for the benefit of the holders of the bonds,
6 and such holders shall have a lien on and a security interest
7 in such funds or accounts so long as the bonds remain
8 outstanding and unpaid. Upon retirement of the bonds, the
9 trustee shall pay over any excess amounts held to the
10 municipality for deposit in the special tax allocation fund.

11 When such redevelopment projects costs, including without
12 limitation all municipal obligations financing redevelopment
13 project costs incurred under this Division, have been paid, all
14 surplus funds then remaining in the special tax allocation fund
15 shall be distributed by being paid by the municipal treasurer
16 to the Department of Revenue, the municipality and the county
17 collector; first to the Department of Revenue and the
18 municipality in direct proportion to the tax incremental
19 revenue received from the State and the municipality, but not
20 to exceed the total incremental revenue received from the State
21 or the municipality less any annual surplus distribution of
22 incremental revenue previously made; with any remaining funds
23 to be paid to the County Collector who shall immediately
24 thereafter pay said funds to the taxing districts in the
25 redevelopment project area in the same manner and proportion as
26 the most recent distribution by the county collector to the

1 affected districts of real property taxes from real property in
2 the redevelopment project area.

3 Upon the payment of all redevelopment project costs, the
4 retirement of obligations, the distribution of any excess
5 monies pursuant to this Section, and final closing of the books
6 and records of the redevelopment project area, the municipality
7 shall adopt an ordinance dissolving the special tax allocation
8 fund for the redevelopment project area and terminating the
9 designation of the redevelopment project area as a
10 redevelopment project area. Title to real or personal property
11 and public improvements acquired by or for the municipality as
12 a result of the redevelopment project and plan shall vest in
13 the municipality when acquired and shall continue to be held by
14 the municipality after the redevelopment project area has been
15 terminated. Municipalities shall notify affected taxing
16 districts prior to November 1 if the redevelopment project area
17 is to be terminated by December 31 of that same year. If a
18 municipality extends estimated dates of completion of a
19 redevelopment project and retirement of obligations to finance
20 a redevelopment project, as allowed by this amendatory Act of
21 1993, that extension shall not extend the property tax
22 increment allocation financing authorized by this Section.
23 Thereafter the rates of the taxing districts shall be extended
24 and taxes levied, collected and distributed in the manner
25 applicable in the absence of the adoption of tax increment
26 allocation financing.

1 Nothing in this Section shall be construed as relieving
2 property in such redevelopment project areas from being
3 assessed as provided in the Property Tax Code or as relieving
4 owners of such property from paying a uniform rate of taxes, as
5 required by Section 4 of Article 9 of the Illinois
6 Constitution.

7 (Source: P.A. 95-644, eff. 10-12-07.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.