

1 AN ACT concerning redevelopment.

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 11-74.4-3 and 11-74.4-8a as follows:

6 (65 ILCS 5/11-74.4-3) (from Ch. 24, par. 11-74.4-3)
7 Sec. 11-74.4-3. Definitions. The following terms,
8 wherever used or referred to in this Division 74.4 shall have
9 the following respective meanings, unless in any case a
10 different meaning clearly appears from the context.

11 (a) For any redevelopment project area that has been
12 designated pursuant to this Section by an ordinance adopted
13 prior to November 1, 1999 (the effective date of Public Act
14 91-478), "blighted area" shall have the meaning set forth in
15 this Section prior to that date.

16 On and after November 1, 1999, "blighted area" means any
17 improved or vacant area within the boundaries of a
18 redevelopment project area located within the territorial
19 limits of the municipality where:

20 (1) If improved, industrial, commercial, and
21 residential buildings or improvements are detrimental to
22 the public safety, health, or welfare because of a
23 combination of 5 or more of the following factors, each
24 of which is (i) present, with that presence documented,
25 to a meaningful extent so that a municipality may
26 reasonably find that the factor is clearly present within
27 the intent of the Act and (ii) reasonably distributed
28 throughout the improved part of the redevelopment project
29 area:

30 (A) Dilapidation. An advanced state of
31 disrepair or neglect of necessary repairs to the

1 primary structural components of buildings or
2 improvements in such a combination that a documented
3 building condition analysis determines that major
4 repair is required or the defects are so serious and
5 so extensive that the buildings must be removed.

6 (B) Obsolescence. The condition or process of
7 falling into disuse. Structures have become
8 ill-suited for the original use.

9 (C) Deterioration. With respect to buildings,
10 defects including, but not limited to, major defects
11 in the secondary building components such as doors,
12 windows, porches, gutters and downspouts, and
13 fascia. With respect to surface improvements, that
14 the condition of roadways, alleys, curbs, gutters,
15 sidewalks, off-street parking, and surface storage
16 areas evidence deterioration, including, but not
17 limited to, surface cracking, crumbling, potholes,
18 depressions, loose paving material, and weeds
19 protruding through paved surfaces.

20 (D) Presence of structures below minimum code
21 standards. All structures that do not meet the
22 standards of zoning, subdivision, building, fire,
23 and other governmental codes applicable to property,
24 but not including housing and property maintenance
25 codes.

26 (E) Illegal use of individual structures. The
27 use of structures in violation of applicable
28 federal, State, or local laws, exclusive of those
29 applicable to the presence of structures below
30 minimum code standards.

31 (F) Excessive vacancies. The presence of
32 buildings that are unoccupied or under-utilized and
33 that represent an adverse influence on the area
34 because of the frequency, extent, or duration of the

1 vacancies.

2 (G) Lack of ventilation, light, or sanitary
3 facilities. The absence of adequate ventilation for
4 light or air circulation in spaces or rooms without
5 windows, or that require the removal of dust, odor,
6 gas, smoke, or other noxious airborne materials.
7 Inadequate natural light and ventilation means the
8 absence of skylights or windows for interior spaces
9 or rooms and improper window sizes and amounts by
10 room area to window area ratios. Inadequate
11 sanitary facilities refers to the absence or
12 inadequacy of garbage storage and enclosure,
13 bathroom facilities, hot water and kitchens, and
14 structural inadequacies preventing ingress and
15 egress to and from all rooms and units within a
16 building.

17 (H) Inadequate utilities. Underground and
18 overhead utilities such as storm sewers and storm
19 drainage, sanitary sewers, water lines, and gas,
20 telephone, and electrical services that are shown to
21 be inadequate. Inadequate utilities are those that
22 are: (i) of insufficient capacity to serve the uses
23 in the redevelopment project area, (ii)
24 deteriorated, antiquated, obsolete, or in disrepair,
25 or (iii) lacking within the redevelopment project
26 area.

27 (I) Excessive land coverage and overcrowding
28 of structures and community facilities. The
29 over-intensive use of property and the crowding of
30 buildings and accessory facilities onto a site.
31 Examples of problem conditions warranting the
32 designation of an area as one exhibiting excessive
33 land coverage are: (i) the presence of buildings
34 either improperly situated on parcels or located on

1 parcels of inadequate size and shape in relation to
2 present-day standards of development for health and
3 safety and (ii) the presence of multiple buildings
4 on a single parcel. For there to be a finding of
5 excessive land coverage, these parcels must exhibit
6 one or more of the following conditions:
7 insufficient provision for light and air within or
8 around buildings, increased threat of spread of fire
9 due to the close proximity of buildings, lack of
10 adequate or proper access to a public right-of-way,
11 lack of reasonably required off-street parking, or
12 inadequate provision for loading and service.

13 (J) Deleterious land use or layout. The
14 existence of incompatible land-use relationships,
15 buildings occupied by inappropriate mixed-uses, or
16 uses considered to be noxious, offensive, or
17 unsuitable for the surrounding area.

18 (K) Environmental clean-up. The proposed
19 redevelopment project area has incurred Illinois
20 Environmental Protection Agency or United States
21 Environmental Protection Agency remediation costs
22 for, or a study conducted by an independent
23 consultant recognized as having expertise in
24 environmental remediation has determined a need for,
25 the clean-up of hazardous waste, hazardous
26 substances, or underground storage tanks required by
27 State or federal law, provided that the remediation
28 costs constitute a material impediment to the
29 development or redevelopment of the redevelopment
30 project area.

31 (L) Lack of community planning. The proposed
32 redevelopment project area was developed prior to or
33 without the benefit or guidance of a community plan.
34 This means that the development occurred prior to

1 the adoption by the municipality of a comprehensive
2 or other community plan or that the plan was not
3 followed at the time of the area's development.
4 This factor must be documented by evidence of
5 adverse or incompatible land-use relationships,
6 inadequate street layout, improper subdivision,
7 parcels of inadequate shape and size to meet
8 contemporary development standards, or other
9 evidence demonstrating an absence of effective
10 community planning.

11 (M) The total equalized assessed value of the
12 proposed redevelopment project area has declined for
13 3 of the last 5 calendar years prior to the year in
14 which the redevelopment project area is designated
15 or is increasing at an annual rate that is less than
16 the balance of the municipality for 3 of the last 5
17 calendar years for which information is available or
18 is increasing at an annual rate that is less than
19 the Consumer Price Index for All Urban Consumers
20 published by the United States Department of Labor
21 or successor agency for 3 of the last 5 calendar
22 years prior to the year in which the redevelopment
23 project area is designated.

24 (2) If vacant, the sound growth of the
25 redevelopment project area is impaired by a combination
26 of 2 or more of the following factors, each of which is
27 (i) present, with that presence documented, to a
28 meaningful extent so that a municipality may reasonably
29 find that the factor is clearly present within the intent
30 of the Act and (ii) reasonably distributed throughout the
31 vacant part of the redevelopment project area to which it
32 pertains:

33 (A) Obsolete platting of vacant land that
34 results in parcels of limited or narrow size or

1 configurations of parcels of irregular size or shape
2 that would be difficult to develop on a planned
3 basis and in a manner compatible with contemporary
4 standards and requirements, or platting that failed
5 to create rights-of-ways for streets or alleys or
6 that created inadequate right-of-way widths for
7 streets, alleys, or other public rights-of-way or
8 that omitted easements for public utilities.

9 (B) Diversity of ownership of parcels of
10 vacant land sufficient in number to retard or impede
11 the ability to assemble the land for development.

12 (C) Tax and special assessment delinquencies
13 exist or the property has been the subject of tax
14 sales under the Property Tax Code within the last 5
15 years.

16 (D) Deterioration of structures or site
17 improvements in neighboring areas adjacent to the
18 vacant land.

19 (E) The area has incurred Illinois
20 Environmental Protection Agency or United States
21 Environmental Protection Agency remediation costs
22 for, or a study conducted by an independent
23 consultant recognized as having expertise in
24 environmental remediation has determined a need for,
25 the clean-up of hazardous waste, hazardous
26 substances, or underground storage tanks required by
27 State or federal law, provided that the remediation
28 costs constitute a material impediment to the
29 development or redevelopment of the redevelopment
30 project area.

31 (F) The total equalized assessed value of the
32 proposed redevelopment project area has declined for
33 3 of the last 5 calendar years prior to the year in
34 which the redevelopment project area is designated

1 or is increasing at an annual rate that is less than
2 the balance of the municipality for 3 of the last 5
3 calendar years for which information is available or
4 is increasing at an annual rate that is less than
5 the Consumer Price Index for All Urban Consumers
6 published by the United States Department of Labor
7 or successor agency for 3 of the last 5 calendar
8 years prior to the year in which the redevelopment
9 project area is designated.

10 (3) If vacant, the sound growth of the
11 redevelopment project area is impaired by one of the
12 following factors that (i) is present, with that presence
13 documented, to a meaningful extent so that a municipality
14 may reasonably find that the factor is clearly present
15 within the intent of the Act and (ii) is reasonably
16 distributed throughout the vacant part of the
17 redevelopment project area to which it pertains:

18 (A) The area consists of one or more unused
19 quarries, mines, or strip mine ponds.

20 (B) The area consists of unused railyards,
21 rail tracks, or railroad rights-of-way.

22 (C) The area, prior to its designation, is
23 subject to chronic flooding that adversely impacts
24 on real property in the area as certified by a
25 registered professional engineer or appropriate
26 regulatory agency.

27 (D) The area consists of an unused or illegal
28 disposal site containing earth, stone, building
29 debris, or similar materials that were removed from
30 construction, demolition, excavation, or dredge
31 sites.

32 (E) Prior to November 1, 1999, the area is not
33 less than 50 nor more than 100 acres and 75% of
34 which is vacant (notwithstanding that the area has

1 been used for commercial agricultural purposes
2 within 5 years prior to the designation of the
3 redevelopment project area), and the area meets at
4 least one of the factors itemized in paragraph (1)
5 of this subsection, the area has been designated as
6 a town or village center by ordinance or
7 comprehensive plan adopted prior to January 1, 1982,
8 and the area has not been developed for that
9 designated purpose.

10 (F) The area qualified as a blighted improved
11 area immediately prior to becoming vacant, unless
12 there has been substantial private investment in the
13 immediately surrounding area.

14 (b) For any redevelopment project area that has been
15 designated pursuant to this Section by an ordinance adopted
16 prior to November 1, 1999 (the effective date of Public Act
17 91-478), "conservation area" shall have the meaning set forth
18 in this Section prior to that date.

19 On and after November 1, 1999, "conservation area" means
20 any improved area within the boundaries of a redevelopment
21 project area located within the territorial limits of the
22 municipality in which 50% or more of the structures in the
23 area have an age of 35 years or more. Such an area is not
24 yet a blighted area but because of a combination of 3 or more
25 of the following factors is detrimental to the public safety,
26 health, morals or welfare and such an area may become a
27 blighted area:

28 (1) Dilapidation. An advanced state of disrepair
29 or neglect of necessary repairs to the primary structural
30 components of buildings or improvements in such a
31 combination that a documented building condition analysis
32 determines that major repair is required or the defects
33 are so serious and so extensive that the buildings must
34 be removed.

1 (2) Obsolescence. The condition or process of
2 falling into disuse. Structures have become ill-suited
3 for the original use.

4 (3) Deterioration. With respect to buildings,
5 defects including, but not limited to, major defects in
6 the secondary building components such as doors, windows,
7 porches, gutters and downspouts, and fascia. With
8 respect to surface improvements, that the condition of
9 roadways, alleys, curbs, gutters, sidewalks, off-street
10 parking, and surface storage areas evidence
11 deterioration, including, but not limited to, surface
12 cracking, crumbling, potholes, depressions, loose paving
13 material, and weeds protruding through paved surfaces.

14 (4) Presence of structures below minimum code
15 standards. All structures that do not meet the standards
16 of zoning, subdivision, building, fire, and other
17 governmental codes applicable to property, but not
18 including housing and property maintenance codes.

19 (5) Illegal use of individual structures. The use
20 of structures in violation of applicable federal, State,
21 or local laws, exclusive of those applicable to the
22 presence of structures below minimum code standards.

23 (6) Excessive vacancies. The presence of buildings
24 that are unoccupied or under-utilized and that represent
25 an adverse influence on the area because of the
26 frequency, extent, or duration of the vacancies.

27 (7) Lack of ventilation, light, or sanitary
28 facilities. The absence of adequate ventilation for
29 light or air circulation in spaces or rooms without
30 windows, or that require the removal of dust, odor, gas,
31 smoke, or other noxious airborne materials. Inadequate
32 natural light and ventilation means the absence or
33 inadequacy of skylights or windows for interior spaces or
34 rooms and improper window sizes and amounts by room area

1 to window area ratios. Inadequate sanitary facilities
2 refers to the absence or inadequacy of garbage storage
3 and enclosure, bathroom facilities, hot water and
4 kitchens, and structural inadequacies preventing ingress
5 and egress to and from all rooms and units within a
6 building.

7 (8) Inadequate utilities. Underground and overhead
8 utilities such as storm sewers and storm drainage,
9 sanitary sewers, water lines, and gas, telephone, and
10 electrical services that are shown to be inadequate.
11 Inadequate utilities are those that are: (i) of
12 insufficient capacity to serve the uses in the
13 redevelopment project area, (ii) deteriorated,
14 antiquated, obsolete, or in disrepair, or (iii) lacking
15 within the redevelopment project area.

16 (9) Excessive land coverage and overcrowding of
17 structures and community facilities. The over-intensive
18 use of property and the crowding of buildings and
19 accessory facilities onto a site. Examples of problem
20 conditions warranting the designation of an area as one
21 exhibiting excessive land coverage are: the presence of
22 buildings either improperly situated on parcels or
23 located on parcels of inadequate size and shape in
24 relation to present-day standards of development for
25 health and safety and the presence of multiple buildings
26 on a single parcel. For there to be a finding of
27 excessive land coverage, these parcels must exhibit one
28 or more of the following conditions: insufficient
29 provision for light and air within or around buildings,
30 increased threat of spread of fire due to the close
31 proximity of buildings, lack of adequate or proper access
32 to a public right-of-way, lack of reasonably required
33 off-street parking, or inadequate provision for loading
34 and service.

1 (10) Deleterious land use or layout. The existence
2 of incompatible land-use relationships, buildings
3 occupied by inappropriate mixed-uses, or uses considered
4 to be noxious, offensive, or unsuitable for the
5 surrounding area.

6 (11) Lack of community planning. The proposed
7 redevelopment project area was developed prior to or
8 without the benefit or guidance of a community plan. This
9 means that the development occurred prior to the adoption
10 by the municipality of a comprehensive or other community
11 plan or that the plan was not followed at the time of the
12 area's development. This factor must be documented by
13 evidence of adverse or incompatible land-use
14 relationships, inadequate street layout, improper
15 subdivision, parcels of inadequate shape and size to meet
16 contemporary development standards, or other evidence
17 demonstrating an absence of effective community planning.

18 (12) The area has incurred Illinois Environmental
19 Protection Agency or United States Environmental
20 Protection Agency remediation costs for, or a study
21 conducted by an independent consultant recognized as
22 having expertise in environmental remediation has
23 determined a need for, the clean-up of hazardous waste,
24 hazardous substances, or underground storage tanks
25 required by State or federal law, provided that the
26 remediation costs constitute a material impediment to the
27 development or redevelopment of the redevelopment project
28 area.

29 (13) The total equalized assessed value of the
30 proposed redevelopment project area has declined for 3 of
31 the last 5 calendar years for which information is
32 available or is increasing at an annual rate that is less
33 than the balance of the municipality for 3 of the last 5
34 calendar years for which information is available or is

1 increasing at an annual rate that is less than the
2 Consumer Price Index for All Urban Consumers published by
3 the United States Department of Labor or successor agency
4 for 3 of the last 5 calendar years for which information
5 is available.

6 (c) "Industrial park" means an area in a blighted or
7 conservation area suitable for use by any manufacturing,
8 industrial, research or transportation enterprise, of
9 facilities to include but not be limited to factories, mills,
10 processing plants, assembly plants, packing plants,
11 fabricating plants, industrial distribution centers,
12 warehouses, repair overhaul or service facilities, freight
13 terminals, research facilities, test facilities or railroad
14 facilities.

15 (d) "Industrial park conservation area" means an area
16 within the boundaries of a redevelopment project area located
17 within the territorial limits of a municipality that is a
18 labor surplus municipality or within 1 1/2 miles of the
19 territorial limits of a municipality that is a labor surplus
20 municipality if the area is annexed to the municipality;
21 which area is zoned as industrial no later than at the time
22 the municipality by ordinance designates the redevelopment
23 project area, and which area includes both vacant land
24 suitable for use as an industrial park and a blighted area or
25 conservation area contiguous to such vacant land.

26 (e) "Labor surplus municipality" means a municipality in
27 which, at any time during the 6 months before the
28 municipality by ordinance designates an industrial park
29 conservation area, the unemployment rate was over 6% and was
30 also 100% or more of the national average unemployment rate
31 for that same time as published in the United States
32 Department of Labor Bureau of Labor Statistics publication
33 entitled "The Employment Situation" or its successor
34 publication. For the purpose of this subsection, if

1 unemployment rate statistics for the municipality are not
2 available, the unemployment rate in the municipality shall be
3 deemed to be the same as the unemployment rate in the
4 principal county in which the municipality is located.

5 (f) "Municipality" shall mean a city, village or
6 incorporated town.

7 (g) "Initial Sales Tax Amounts" means the amount of
8 taxes paid under the Retailers' Occupation Tax Act, Use Tax
9 Act, Service Use Tax Act, the Service Occupation Tax Act, the
10 Municipal Retailers' Occupation Tax Act, and the Municipal
11 Service Occupation Tax Act by retailers and servicemen on
12 transactions at places located in a State Sales Tax Boundary
13 during the calendar year 1985.

14 (g-1) "Revised Initial Sales Tax Amounts" means the
15 amount of taxes paid under the Retailers' Occupation Tax Act,
16 Use Tax Act, Service Use Tax Act, the Service Occupation Tax
17 Act, the Municipal Retailers' Occupation Tax Act, and the
18 Municipal Service Occupation Tax Act by retailers and
19 servicemen on transactions at places located within the State
20 Sales Tax Boundary revised pursuant to Section 11-74.4-8a(9)
21 of this Act.

22 (h) "Municipal Sales Tax Increment" means an amount
23 equal to the increase in the aggregate amount of taxes paid
24 to a municipality from the Local Government Tax Fund arising
25 from sales by retailers and servicemen within the
26 redevelopment project area or State Sales Tax Boundary, as
27 the case may be, for as long as the redevelopment project
28 area or State Sales Tax Boundary, as the case may be, exist
29 over and above the aggregate amount of taxes as certified by
30 the Illinois Department of Revenue and paid under the
31 Municipal Retailers' Occupation Tax Act and the Municipal
32 Service Occupation Tax Act by retailers and servicemen, on
33 transactions at places of business located in the
34 redevelopment project area or State Sales Tax Boundary, as

1 the case may be, during the base year which shall be the
2 calendar year immediately prior to the year in which the
3 municipality adopted tax increment allocation financing. For
4 purposes of computing the aggregate amount of such taxes for
5 base years occurring prior to 1985, the Department of Revenue
6 shall determine the Initial Sales Tax Amounts for such taxes
7 and deduct therefrom an amount equal to 4% of the aggregate
8 amount of taxes per year for each year the base year is prior
9 to 1985, but not to exceed a total deduction of 12%. The
10 amount so determined shall be known as the "Adjusted Initial
11 Sales Tax Amounts". For purposes of determining the
12 Municipal Sales Tax Increment, the Department of Revenue
13 shall for each period subtract from the amount paid to the
14 municipality from the Local Government Tax Fund arising from
15 sales by retailers and servicemen on transactions located in
16 the redevelopment project area or the State Sales Tax
17 Boundary, as the case may be, the certified Initial Sales Tax
18 Amounts, the Adjusted Initial Sales Tax Amounts or the
19 Revised Initial Sales Tax Amounts for the Municipal
20 Retailers' Occupation Tax Act and the Municipal Service
21 Occupation Tax Act. For the State Fiscal Year 1989, this
22 calculation shall be made by utilizing the calendar year 1987
23 to determine the tax amounts received. For the State Fiscal
24 Year 1990, this calculation shall be made by utilizing the
25 period from January 1, 1988, until September 30, 1988, to
26 determine the tax amounts received from retailers and
27 servicemen pursuant to the Municipal Retailers' Occupation
28 Tax and the Municipal Service Occupation Tax Act, which shall
29 have deducted therefrom nine-twelfths of the certified
30 Initial Sales Tax Amounts, the Adjusted Initial Sales Tax
31 Amounts or the Revised Initial Sales Tax Amounts as
32 appropriate. For the State Fiscal Year 1991, this calculation
33 shall be made by utilizing the period from October 1, 1988,
34 to June 30, 1989, to determine the tax amounts received from

1 retailers and servicemen pursuant to the Municipal Retailers'
2 Occupation Tax and the Municipal Service Occupation Tax Act
3 which shall have deducted therefrom nine-twelfths of the
4 certified Initial Sales Tax Amounts, Adjusted Initial Sales
5 Tax Amounts or the Revised Initial Sales Tax Amounts as
6 appropriate. For every State Fiscal Year thereafter, the
7 applicable period shall be the 12 months beginning July 1 and
8 ending June 30 to determine the tax amounts received which
9 shall have deducted therefrom the certified Initial Sales Tax
10 Amounts, the Adjusted Initial Sales Tax Amounts or the
11 Revised Initial Sales Tax Amounts, as the case may be.

12 (i) "Net State Sales Tax Increment" means the sum of the
13 following: (a) 80% of the first \$100,000 of State Sales Tax
14 Increment annually generated within a State Sales Tax
15 Boundary; (b) 60% of the amount in excess of \$100,000 but not
16 exceeding \$500,000 of State Sales Tax Increment annually
17 generated within a State Sales Tax Boundary; and (c) 40% of
18 all amounts in excess of \$500,000 of State Sales Tax
19 Increment annually generated within a State Sales Tax
20 Boundary. If, however, a municipality established a tax
21 increment financing district in a county with a population in
22 excess of 3,000,000 before January 1, 1986, and the
23 municipality entered into a contract or issued bonds after
24 January 1, 1986, but before December 31, 1986, to finance
25 redevelopment project costs within a State Sales Tax
26 Boundary, then the Net State Sales Tax Increment means, for
27 the fiscal years beginning July 1, 1990, and July 1, 1991,
28 100% of the State Sales Tax Increment annually generated
29 within a State Sales Tax Boundary; and notwithstanding any
30 other provision of this Act, for those fiscal years the
31 Department of Revenue shall distribute to those
32 municipalities 100% of their Net State Sales Tax Increment
33 before any distribution to any other municipality and
34 regardless of whether or not those other municipalities will

1 receive 100% of their Net State Sales Tax Increment. For
2 Fiscal Year 1999, and every year thereafter until the year
3 2007, for any municipality that has not entered into a
4 contract or has not issued bonds prior to June 1, 1988 to
5 finance redevelopment project costs within a State Sales Tax
6 Boundary, the Net State Sales Tax Increment shall be
7 calculated as follows: By multiplying the Net State Sales Tax
8 Increment by 90% in the State Fiscal Year 1999; 80% in the
9 State Fiscal Year 2000; 70% in the State Fiscal Year 2001;
10 60% in the State Fiscal Year 2002; 50% in the State Fiscal
11 Year 2003; 40% in the State Fiscal Year 2004; 30% in the
12 State Fiscal Year 2005; 20% in the State Fiscal Year 2006;
13 and 10% in the State Fiscal Year 2007. No payment shall be
14 made for State Fiscal Year 2008 and thereafter.

15 Municipalities that issued bonds in connection with a
16 redevelopment project in a redevelopment project area within
17 the State Sales Tax Boundary prior to July 29, 1991, or that
18 entered into contracts in connection with a redevelopment
19 project in a redevelopment project area before June 1, 1988,
20 shall continue to receive their proportional share of the
21 Illinois Tax Increment Fund distribution until the date on
22 which the redevelopment project is completed or terminated,
23 ~~or the date on which the bonds are retired or the contracts~~
24 ~~are completed, whichever date occurs first.~~ If, however, a
25 municipality that issued bonds in connection with a
26 redevelopment project in a redevelopment project area within
27 the State Sales Tax Boundary prior to July 29, 1991 retires
28 the bonds prior to June 30, 2007 or a municipality that
29 entered into contracts in connection with a redevelopment
30 project in a redevelopment project area before June 1, 1988
31 completes the contracts prior to June 30, 2007, then so long
32 as the redevelopment project is not completed or is not
33 terminated, the Net State Sales Tax Increment shall be
34 calculated, beginning on the date on which the bonds are

1 retired or the contracts are completed, as follows: By
2 multiplying the Net State Sales Tax Increment by 60% in the
3 State Fiscal Year 2002; 50% in the State Fiscal Year 2003;
4 40% in the State Fiscal Year 2004; 30% in the State Fiscal
5 Year 2005; 20% in the State Fiscal Year 2006; and 10% in the
6 State Fiscal Year 2007. No payment shall be made for State
7 Fiscal Year 2008 and thereafter. Refunding of any bonds
8 issued prior to July 29, 1991, shall not alter the Net State
9 Sales Tax Increment.

10 (j) "State Utility Tax Increment Amount" means an amount
11 equal to the aggregate increase in State electric and gas tax
12 charges imposed on owners and tenants, other than residential
13 customers, of properties located within the redevelopment
14 project area under Section 9-222 of the Public Utilities Act,
15 over and above the aggregate of such charges as certified by
16 the Department of Revenue and paid by owners and tenants,
17 other than residential customers, of properties within the
18 redevelopment project area during the base year, which shall
19 be the calendar year immediately prior to the year of the
20 adoption of the ordinance authorizing tax increment
21 allocation financing.

22 (k) "Net State Utility Tax Increment" means the sum of
23 the following: (a) 80% of the first \$100,000 of State Utility
24 Tax Increment annually generated by a redevelopment project
25 area; (b) 60% of the amount in excess of \$100,000 but not
26 exceeding \$500,000 of the State Utility Tax Increment
27 annually generated by a redevelopment project area; and (c)
28 40% of all amounts in excess of \$500,000 of State Utility Tax
29 Increment annually generated by a redevelopment project area.
30 For the State Fiscal Year 1999, and every year thereafter
31 until the year 2007, for any municipality that has not
32 entered into a contract or has not issued bonds prior to June
33 1, 1988 to finance redevelopment project costs within a
34 redevelopment project area, the Net State Utility Tax

1 Increment shall be calculated as follows: By multiplying the
2 Net State Utility Tax Increment by 90% in the State Fiscal
3 Year 1999; 80% in the State Fiscal Year 2000; 70% in the
4 State Fiscal Year 2001; 60% in the State Fiscal Year 2002;
5 50% in the State Fiscal Year 2003; 40% in the State Fiscal
6 Year 2004; 30% in the State Fiscal Year 2005; 20% in the
7 State Fiscal Year 2006; and 10% in the State Fiscal Year
8 2007. No payment shall be made for the State Fiscal Year 2008
9 and thereafter.

10 Municipalities that issue bonds in connection with the
11 redevelopment project during the period from June 1, 1988
12 until 3 years after the effective date of this Amendatory Act
13 of 1988 shall receive the Net State Utility Tax Increment,
14 subject to appropriation, for 15 State Fiscal Years after the
15 issuance of such bonds. For the 16th through the 20th State
16 Fiscal Years after issuance of the bonds, the Net State
17 Utility Tax Increment shall be calculated as follows: By
18 multiplying the Net State Utility Tax Increment by 90% in
19 year 16; 80% in year 17; 70% in year 18; 60% in year 19; and
20 50% in year 20. Refunding of any bonds issued prior to June
21 1, 1988, shall not alter the revised Net State Utility Tax
22 Increment payments set forth above.

23 (l) "Obligations" mean bonds, loans, debentures, notes,
24 special certificates or other evidence of indebtedness issued
25 by the municipality to carry out a redevelopment project or
26 to refund outstanding obligations.

27 (m) "Payment in lieu of taxes" means those estimated tax
28 revenues from real property in a redevelopment project area
29 derived from real property that has been acquired by a
30 municipality which according to the redevelopment project or
31 plan is to be used for a private use which taxing districts
32 would have received had a municipality not acquired the real
33 property and adopted tax increment allocation financing and
34 which would result from levies made after the time of the

1 adoption of tax increment allocation financing to the time
2 the current equalized value of real property in the
3 redevelopment project area exceeds the total initial
4 equalized value of real property in said area.

5 (n) "Redevelopment plan" means the comprehensive program
6 of the municipality for development or redevelopment intended
7 by the payment of redevelopment project costs to reduce or
8 eliminate those conditions the existence of which qualified
9 the redevelopment project area as a "blighted area" or
10 "conservation area" or combination thereof or "industrial
11 park conservation area," and thereby to enhance the tax bases
12 of the taxing districts which extend into the redevelopment
13 project area. On and after November 1, 1999 (the effective
14 date of Public Act 91-478), no redevelopment plan may be
15 approved or amended that includes the development of vacant
16 land (i) with a golf course and related clubhouse and other
17 facilities or (ii) designated by federal, State, county, or
18 municipal government as public land for outdoor recreational
19 activities or for nature preserves and used for that purpose
20 within 5 years prior to the adoption of the redevelopment
21 plan. For the purpose of this subsection, "recreational
22 activities" is limited to mean camping and hunting. Each
23 redevelopment plan shall set forth in writing the program to
24 be undertaken to accomplish the objectives and shall include
25 but not be limited to:

26 (A) an itemized list of estimated redevelopment
27 project costs;

28 (B) evidence indicating that the redevelopment
29 project area on the whole has not been subject to growth
30 and development through investment by private enterprise;

31 (C) an assessment of any financial impact of the
32 redevelopment project area on or any increased demand for
33 services from any taxing district affected by the plan
34 and any program to address such financial impact or

1 increased demand;

2 (D) the sources of funds to pay costs;

3 (E) the nature and term of the obligations to be
4 issued;

5 (F) the most recent equalized assessed valuation of
6 the redevelopment project area;

7 (G) an estimate as to the equalized assessed
8 valuation after redevelopment and the general land uses
9 to apply in the redevelopment project area;

10 (H) a commitment to fair employment practices and
11 an affirmative action plan;

12 (I) if it concerns an industrial park conservation
13 area, the plan shall also include a general description
14 of any proposed developer, user and tenant of any
15 property, a description of the type, structure and
16 general character of the facilities to be developed, a
17 description of the type, class and number of new
18 employees to be employed in the operation of the
19 facilities to be developed; and

20 (J) if property is to be annexed to the
21 municipality, the plan shall include the terms of the
22 annexation agreement.

23 The provisions of items (B) and (C) of this subsection
24 (n) shall not apply to a municipality that before March 14,
25 1994 (the effective date of Public Act 88-537) had fixed,
26 either by its corporate authorities or by a commission
27 designated under subsection (k) of Section 11-74.4-4, a time
28 and place for a public hearing as required by subsection (a)
29 of Section 11-74.4-5. No redevelopment plan shall be adopted
30 unless a municipality complies with all of the following
31 requirements:

32 (1) The municipality finds that the redevelopment
33 project area on the whole has not been subject to growth
34 and development through investment by private enterprise

1 and would not reasonably be anticipated to be developed
2 without the adoption of the redevelopment plan.

3 (2) The municipality finds that the redevelopment
4 plan and project conform to the comprehensive plan for
5 the development of the municipality as a whole, or, for
6 municipalities with a population of 100,000 or more,
7 regardless of when the redevelopment plan and project was
8 adopted, the redevelopment plan and project either: (i)
9 conforms to the strategic economic development or
10 redevelopment plan issued by the designated planning
11 authority of the municipality, or (ii) includes land uses
12 that have been approved by the planning commission of the
13 municipality.

14 (3) The redevelopment plan establishes the
15 estimated dates of completion of the redevelopment
16 project and retirement of obligations issued to finance
17 redevelopment project costs. Those dates shall not be
18 later than December 31 of the year in which the payment
19 to the municipal treasurer as provided in subsection (b)
20 of Section 11-74.4-8 of this Act is to be made with
21 respect to ad valorem taxes levied in the twenty-third
22 calendar year after the year in which the ordinance
23 approving the redevelopment project area is adopted if
24 the ordinance was adopted on or after January 15, 1981,
25 and not later than December 31 of the year in which the
26 payment to the municipal treasurer as provided in
27 subsection (b) of Section 11-74.4-8 of this Act is to be
28 made with respect to ad valorem taxes levied in the
29 thirty-fifth calendar year after the year in which the
30 ordinance approving the redevelopment project area is
31 adopted:

32 (A) if the ordinance was adopted before
33 January 15, 1981, or

34 (B) if the ordinance was adopted in December

1 1983, April 1984, July 1985, or December 1989, or

2 (C) if the ordinance was adopted in December
3 1987 and the redevelopment project is located within
4 one mile of Midway Airport, or

5 (D) if the ordinance was adopted before
6 January 1, 1987 by a municipality in Mason County,
7 or

8 (E) if the municipality is subject to the
9 Local Government Financial Planning and Supervision
10 Act, or

11 (F) if the ordinance was adopted in December
12 1984 by the Village of Rosemont, or

13 (G) if the ordinance was adopted on December
14 31, 1986 by a municipality located in Clinton County
15 for which at least \$250,000 of tax increment bonds
16 were authorized on June 17, 1997, or if the
17 ordinance was adopted on December 31, 1986 by a
18 municipality with a population in 1990 of less than
19 3,600 that is located in a county with a population
20 in 1990 of less than 34,000 and for which at least
21 \$250,000 of tax increment bonds were authorized on
22 June 17, 1997, or

23 (H) if the ordinance was adopted on October 5,
24 1982 by the City of Kankakee, or if the ordinance
25 was adopted on December 29, 1986 by East St. Louis,
26 or

27 (I) if the ordinance was adopted on November
28 12, 1991 by the Village of Sauget, or

29 (J) if the ordinance was adopted on February
30 11, 1985 by the City of Rock Island, or

31 (K) if the ordinance was adopted before
32 December 18, 1986 by the City of Moline.

33 However, for redevelopment project areas for which
34 bonds were issued before July 29, 1991, or for which

1 contracts were entered into before June 1, 1988, in
2 connection with a redevelopment project in the area
3 within the State Sales Tax Boundary, the estimated dates
4 of completion of the redevelopment project and retirement
5 of obligations to finance redevelopment project costs may
6 be extended by municipal ordinance to December 31, 2013.
7 The extension allowed by this amendatory Act of 1993
8 shall not apply to real property tax increment allocation
9 financing under Section 11-74.4-8.

10 A municipality may by municipal ordinance amend an
11 existing redevelopment plan to conform to this paragraph
12 (3) as amended by Public Act 91-478, which municipal
13 ordinance may be adopted without further hearing or
14 notice and without complying with the procedures provided
15 in this Act pertaining to an amendment to or the initial
16 approval of a redevelopment plan and project and
17 designation of a redevelopment project area.

18 Those dates, for purposes of real property tax
19 increment allocation financing pursuant to Section
20 11-74.4-8 only, shall be not more than 35 years for
21 redevelopment project areas that were adopted on or after
22 December 16, 1986 and for which at least \$8 million worth
23 of municipal bonds were authorized on or after December
24 19, 1989 but before January 1, 1990; provided that the
25 municipality elects to extend the life of the
26 redevelopment project area to 35 years by the adoption of
27 an ordinance after at least 14 but not more than 30 days'
28 written notice to the taxing bodies, that would otherwise
29 constitute the joint review board for the redevelopment
30 project area, before the adoption of the ordinance.

31 Those dates, for purposes of real property tax
32 increment allocation financing pursuant to Section
33 11-74.4-8 only, shall be not more than 35 years for
34 redevelopment project areas that were established on or

1 after December 1, 1981 but before January 1, 1982 and for
2 which at least \$1,500,000 worth of tax increment revenue
3 bonds were authorized on or after September 30, 1990 but
4 before July 1, 1991; provided that the municipality
5 elects to extend the life of the redevelopment project
6 area to 35 years by the adoption of an ordinance after at
7 least 14 but not more than 30 days' written notice to the
8 taxing bodies, that would otherwise constitute the joint
9 review board for the redevelopment project area, before
10 the adoption of the ordinance.

11 (3.5) The municipality finds, in the case of an
12 industrial park conservation area, also that the
13 municipality is a labor surplus municipality and that the
14 implementation of the redevelopment plan will reduce
15 unemployment, create new jobs and by the provision of new
16 facilities enhance the tax base of the taxing districts
17 that extend into the redevelopment project area.

18 (4) If any incremental revenues are being utilized
19 under Section 8(a)(1) or 8(a)(2) of this Act in
20 redevelopment project areas approved by ordinance after
21 January 1, 1986, the municipality finds: (a) that the
22 redevelopment project area would not reasonably be
23 developed without the use of such incremental revenues,
24 and (b) that such incremental revenues will be
25 exclusively utilized for the development of the
26 redevelopment project area.

27 (5) On and after November 1, 1999, if the
28 redevelopment plan will not result in displacement of
29 residents from inhabited units, and the municipality
30 certifies in the plan that displacement will not result
31 from the plan, a housing impact study need not be
32 performed. If, however, the redevelopment plan would
33 result in the displacement of residents from 10 or more
34 inhabited residential units, or if the redevelopment

1 project area contains 75 or more inhabited residential
2 units and no certification is made, then the municipality
3 shall prepare, as part of the separate feasibility report
4 required by subsection (a) of Section 11-74.4-5, a
5 housing impact study.

6 Part I of the housing impact study shall include (i)
7 data as to whether the residential units are single
8 family or multi-family units, (ii) the number and type of
9 rooms within the units, if that information is available,
10 (iii) whether the units are inhabited or uninhabited, as
11 determined not less than 45 days before the date that the
12 ordinance or resolution required by subsection (a) of
13 Section 11-74.4-5 is passed, and (iv) data as to the
14 racial and ethnic composition of the residents in the
15 inhabited residential units. The data requirement as to
16 the racial and ethnic composition of the residents in the
17 inhabited residential units shall be deemed to be fully
18 satisfied by data from the most recent federal census.

19 Part II of the housing impact study shall identify
20 the inhabited residential units in the proposed
21 redevelopment project area that are to be or may be
22 removed. If inhabited residential units are to be
23 removed, then the housing impact study shall identify (i)
24 the number and location of those units that will or may
25 be removed, (ii) the municipality's plans for relocation
26 assistance for those residents in the proposed
27 redevelopment project area whose residences are to be
28 removed, (iii) the availability of replacement housing
29 for those residents whose residences are to be removed,
30 and shall identify the type, location, and cost of the
31 housing, and (iv) the type and extent of relocation
32 assistance to be provided.

33 (6) On and after November 1, 1999, the housing
34 impact study required by paragraph (5) shall be

1 incorporated in the redevelopment plan for the
2 redevelopment project area.

3 (7) On and after November 1, 1999, no redevelopment
4 plan shall be adopted, nor an existing plan amended, nor
5 shall residential housing that is occupied by households
6 of low-income and very low-income persons in currently
7 existing redevelopment project areas be removed after
8 November 1, 1999 unless the redevelopment plan provides,
9 with respect to inhabited housing units that are to be
10 removed for households of low-income and very low-income
11 persons, affordable housing and relocation assistance not
12 less than that which would be provided under the federal
13 Uniform Relocation Assistance and Real Property
14 Acquisition Policies Act of 1970 and the regulations
15 under that Act, including the eligibility criteria.
16 Affordable housing may be either existing or newly
17 constructed housing. For purposes of this paragraph (7),
18 "low-income households", "very low-income households",
19 and "affordable housing" have the meanings set forth in
20 the Illinois Affordable Housing Act. The municipality
21 shall make a good faith effort to ensure that this
22 affordable housing is located in or near the
23 redevelopment project area within the municipality.

24 (8) On and after November 1, 1999, if, after the
25 adoption of the redevelopment plan for the redevelopment
26 project area, any municipality desires to amend its
27 redevelopment plan to remove more inhabited residential
28 units than specified in its original redevelopment plan,
29 that increase in the number of units to be removed shall
30 be deemed to be a change in the nature of the
31 redevelopment plan as to require compliance with the
32 procedures in this Act pertaining to the initial approval
33 of a redevelopment plan.

34 (o) "Redevelopment project" means any public and private

1 development project in furtherance of the objectives of a
2 redevelopment plan. On and after November 1, 1999 (the
3 effective date of Public Act 91-478), no redevelopment plan
4 may be approved or amended that includes the development of
5 vacant land (i) with a golf course and related clubhouse and
6 other facilities or (ii) designated by federal, State,
7 county, or municipal government as public land for outdoor
8 recreational activities or for nature preserves and used for
9 that purpose within 5 years prior to the adoption of the
10 redevelopment plan. For the purpose of this subsection,
11 "recreational activities" is limited to mean camping and
12 hunting.

13 (p) "Redevelopment project area" means an area
14 designated by the municipality, which is not less in the
15 aggregate than 1 1/2 acres and in respect to which the
16 municipality has made a finding that there exist conditions
17 which cause the area to be classified as an industrial park
18 conservation area or a blighted area or a conservation area,
19 or a combination of both blighted areas and conservation
20 areas.

21 (q) "Redevelopment project costs" mean and include the
22 sum total of all reasonable or necessary costs incurred or
23 estimated to be incurred, and any such costs incidental to a
24 redevelopment plan and a redevelopment project. Such costs
25 include, without limitation, the following:

26 (1) Costs of studies, surveys, development of
27 plans, and specifications, implementation and
28 administration of the redevelopment plan including but
29 not limited to staff and professional service costs for
30 architectural, engineering, legal, financial, planning or
31 other services, provided however that no charges for
32 professional services may be based on a percentage of the
33 tax increment collected; except that on and after
34 November 1, 1999 (the effective date of Public Act

1 91-478), no contracts for professional services,
2 excluding architectural and engineering services, may be
3 entered into if the terms of the contract extend beyond a
4 period of 3 years. In addition, "redevelopment project
5 costs" shall not include lobbying expenses. After
6 consultation with the municipality, each tax increment
7 consultant or advisor to a municipality that plans to
8 designate or has designated a redevelopment project area
9 shall inform the municipality in writing of any contracts
10 that the consultant or advisor has entered into with
11 entities or individuals that have received, or are
12 receiving, payments financed by tax increment revenues
13 produced by the redevelopment project area with respect
14 to which the consultant or advisor has performed, or will
15 be performing, service for the municipality. This
16 requirement shall be satisfied by the consultant or
17 advisor before the commencement of services for the
18 municipality and thereafter whenever any other contracts
19 with those individuals or entities are executed by the
20 consultant or advisor;

21 (1.5) After July 1, 1999, annual administrative
22 costs shall not include general overhead or
23 administrative costs of the municipality that would still
24 have been incurred by the municipality if the
25 municipality had not designated a redevelopment project
26 area or approved a redevelopment plan;

27 (1.6) The cost of marketing sites within the
28 redevelopment project area to prospective businesses,
29 developers, and investors;

30 (2) Property assembly costs, including but not
31 limited to acquisition of land and other property, real
32 or personal, or rights or interests therein, demolition
33 of buildings, site preparation, site improvements that
34 serve as an engineered barrier addressing ground level or

1 below ground environmental contamination, including, but
2 not limited to parking lots and other concrete or asphalt
3 barriers, and the clearing and grading of land;

4 (3) Costs of rehabilitation, reconstruction or
5 repair or remodeling of existing public or private
6 buildings, fixtures, and leasehold improvements; and the
7 cost of replacing an existing public building if pursuant
8 to the implementation of a redevelopment project the
9 existing public building is to be demolished to use the
10 site for private investment or devoted to a different use
11 requiring private investment;

12 (4) Costs of the construction of public works or
13 improvements, except that on and after November 1, 1999,
14 redevelopment project costs shall not include the cost of
15 constructing a new municipal public building principally
16 used to provide offices, storage space, or conference
17 facilities or vehicle storage, maintenance, or repair for
18 administrative, public safety, or public works personnel
19 and that is not intended to replace an existing public
20 building as provided under paragraph (3) of subsection
21 (q) of Section 11-74.4-3 unless either (i) the
22 construction of the new municipal building implements a
23 redevelopment project that was included in a
24 redevelopment plan that was adopted by the municipality
25 prior to November 1, 1999 or (ii) the municipality makes
26 a reasonable determination in the redevelopment plan,
27 supported by information that provides the basis for that
28 determination, that the new municipal building is
29 required to meet an increase in the need for public
30 safety purposes anticipated to result from the
31 implementation of the redevelopment plan;

32 (5) Costs of job training and retraining projects,
33 including the cost of "welfare to work" programs
34 implemented by businesses located within the

1 redevelopment project area;

2 (6) Financing costs, including but not limited to
3 all necessary and incidental expenses related to the
4 issuance of obligations and which may include payment of
5 interest on any obligations issued hereunder including
6 interest accruing during the estimated period of
7 construction of any redevelopment project for which such
8 obligations are issued and for not exceeding 36 months
9 thereafter and including reasonable reserves related
10 thereto;

11 (7) To the extent the municipality by written
12 agreement accepts and approves the same, all or a portion
13 of a taxing district's capital costs resulting from the
14 redevelopment project necessarily incurred or to be
15 incurred within a taxing district in furtherance of the
16 objectives of the redevelopment plan and project.

17 (7.5) For redevelopment project areas designated
18 (or redevelopment project areas amended to add or
19 increase the number of tax-increment-financing assisted
20 housing units) on or after November 1, 1999, an
21 elementary, secondary, or unit school district's
22 increased costs attributable to assisted housing units
23 located within the redevelopment project area for which
24 the developer or redeveloper receives financial
25 assistance through an agreement with the municipality or
26 because the municipality incurs the cost of necessary
27 infrastructure improvements within the boundaries of the
28 assisted housing sites necessary for the completion of
29 that housing as authorized by this Act, and which costs
30 shall be paid by the municipality from the Special Tax
31 Allocation Fund when the tax increment revenue is
32 received as a result of the assisted housing units and
33 shall be calculated annually as follows:

34 (A) for foundation districts, excluding any

1 school district in a municipality with a population
2 in excess of 1,000,000, by multiplying the
3 district's increase in attendance resulting from the
4 net increase in new students enrolled in that school
5 district who reside in housing units within the
6 redevelopment project area that have received
7 financial assistance through an agreement with the
8 municipality or because the municipality incurs the
9 cost of necessary infrastructure improvements within
10 the boundaries of the housing sites necessary for
11 the completion of that housing as authorized by this
12 Act since the designation of the redevelopment
13 project area by the most recently available per
14 capita tuition cost as defined in Section 10-20.12a
15 of the School Code less any increase in general
16 State aid as defined in Section 18-8.05 of the
17 School Code attributable to these added new students
18 subject to the following annual limitations:

19 (i) for unit school districts with a
20 district average 1995-96 Per Capita Tuition
21 Charge of less than \$5,900, no more than 25% of
22 the total amount of property tax increment
23 revenue produced by those housing units that
24 have received tax increment finance assistance
25 under this Act;

26 (ii) for elementary school districts with
27 a district average 1995-96 Per Capita Tuition
28 Charge of less than \$5,900, no more than 17% of
29 the total amount of property tax increment
30 revenue produced by those housing units that
31 have received tax increment finance assistance
32 under this Act; and

33 (iii) for secondary school districts with
34 a district average 1995-96 Per Capita Tuition

1 Charge of less than \$5,900, no more than 8% of
2 the total amount of property tax increment
3 revenue produced by those housing units that
4 have received tax increment finance assistance
5 under this Act.

6 (B) For alternate method districts, flat grant
7 districts, and foundation districts with a district
8 average 1995-96 Per Capita Tuition Charge equal to
9 or more than \$5,900, excluding any school district
10 with a population in excess of 1,000,000, by
11 multiplying the district's increase in attendance
12 resulting from the net increase in new students
13 enrolled in that school district who reside in
14 housing units within the redevelopment project area
15 that have received financial assistance through an
16 agreement with the municipality or because the
17 municipality incurs the cost of necessary
18 infrastructure improvements within the boundaries of
19 the housing sites necessary for the completion of
20 that housing as authorized by this Act since the
21 designation of the redevelopment project area by the
22 most recently available per capita tuition cost as
23 defined in Section 10-20.12a of the School Code less
24 any increase in general state aid as defined in
25 Section 18-8.05 of the School Code attributable to
26 these added new students subject to the following
27 annual limitations:

28 (i) for unit school districts, no more
29 than 40% of the total amount of property tax
30 increment revenue produced by those housing
31 units that have received tax increment finance
32 assistance under this Act;

33 (ii) for elementary school districts, no
34 more than 27% of the total amount of property

1 tax increment revenue produced by those housing
2 units that have received tax increment finance
3 assistance under this Act; and

4 (iii) for secondary school districts, no
5 more than 13% of the total amount of property
6 tax increment revenue produced by those housing
7 units that have received tax increment finance
8 assistance under this Act.

9 (C) For any school district in a municipality
10 with a population in excess of 1,000,000, the
11 following restrictions shall apply to the
12 reimbursement of increased costs under this
13 paragraph (7.5):

14 (i) no increased costs shall be
15 reimbursed unless the school district certifies
16 that each of the schools affected by the
17 assisted housing project is at or over its
18 student capacity;

19 (ii) the amount reimburseable shall be
20 reduced by the value of any land donated to the
21 school district by the municipality or
22 developer, and by the value of any physical
23 improvements made to the schools by the
24 municipality or developer; and

25 (iii) the amount reimbursed may not
26 affect amounts otherwise obligated by the terms
27 of any bonds, notes, or other funding
28 instruments, or the terms of any redevelopment
29 agreement.

30 Any school district seeking payment under this
31 paragraph (7.5) shall, after July 1 and before
32 September 30 of each year, provide the municipality
33 with reasonable evidence to support its claim for
34 reimbursement before the municipality shall be

1 required to approve or make the payment to the
2 school district. If the school district fails to
3 provide the information during this period in any
4 year, it shall forfeit any claim to reimbursement
5 for that year. School districts may adopt a
6 resolution waiving the right to all or a portion of
7 the reimbursement otherwise required by this
8 paragraph (7.5). By acceptance of this
9 reimbursement the school district waives the right
10 to directly or indirectly set aside, modify, or
11 contest in any manner the establishment of the
12 redevelopment project area or projects;

13 (8) Relocation costs to the extent that a
14 municipality determines that relocation costs shall be
15 paid or is required to make payment of relocation costs
16 by federal or State law or in order to satisfy
17 subparagraph (7) of subsection (n);

18 (9) Payment in lieu of taxes;

19 (10) Costs of job training, retraining, advanced
20 vocational education or career education, including but
21 not limited to courses in occupational, semi-technical or
22 technical fields leading directly to employment, incurred
23 by one or more taxing districts, provided that such costs
24 (i) are related to the establishment and maintenance of
25 additional job training, advanced vocational education or
26 career education programs for persons employed or to be
27 employed by employers located in a redevelopment project
28 area; and (ii) when incurred by a taxing district or
29 taxing districts other than the municipality, are set
30 forth in a written agreement by or among the municipality
31 and the taxing district or taxing districts, which
32 agreement describes the program to be undertaken,
33 including but not limited to the number of employees to
34 be trained, a description of the training and services to

1 be provided, the number and type of positions available
2 or to be available, itemized costs of the program and
3 sources of funds to pay for the same, and the term of the
4 agreement. Such costs include, specifically, the payment
5 by community college districts of costs pursuant to
6 Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public
7 Community College Act and by school districts of costs
8 pursuant to Sections 10-22.20a and 10-23.3a of The School
9 Code;

10 (11) Interest cost incurred by a redeveloper
11 related to the construction, renovation or rehabilitation
12 of a redevelopment project provided that:

13 (A) such costs are to be paid directly from
14 the special tax allocation fund established pursuant
15 to this Act;

16 (B) such payments in any one year may not
17 exceed 30% of the annual interest costs incurred by
18 the redeveloper with regard to the redevelopment
19 project during that year;

20 (C) if there are not sufficient funds
21 available in the special tax allocation fund to make
22 the payment pursuant to this paragraph (11) then the
23 amounts so due shall accrue and be payable when
24 sufficient funds are available in the special tax
25 allocation fund;

26 (D) the total of such interest payments paid
27 pursuant to this Act may not exceed 30% of the total
28 (i) cost paid or incurred by the redeveloper for the
29 redevelopment project plus (ii) redevelopment
30 project costs excluding any property assembly costs
31 and any relocation costs incurred by a municipality
32 pursuant to this Act; and

33 (E) the cost limits set forth in subparagraphs
34 (B) and (D) of paragraph (11) shall be modified for

1 the financing of rehabilitated or new housing units
2 for low-income households and very low-income
3 households, as defined in Section 3 of the Illinois
4 Affordable Housing Act. The percentage of 75% shall
5 be substituted for 30% in subparagraphs (B) and (D)
6 of paragraph (11).

7 (F) Instead of the eligible costs provided by
8 subparagraphs (B) and (D) of paragraph (11), as
9 modified by this subparagraph, and notwithstanding
10 any other provisions of this Act to the contrary,
11 the municipality may pay from tax increment revenues
12 up to 50% of the cost of construction of new housing
13 units to be occupied by low-income households and
14 very low-income households as defined in Section 3
15 of the Illinois Affordable Housing Act. The cost of
16 construction of those units may be derived from the
17 proceeds of bonds issued by the municipality under
18 this Act or other constitutional or statutory
19 authority or from other sources of municipal revenue
20 that may be reimbursed from tax increment revenues
21 or the proceeds of bonds issued to finance the
22 construction of that housing.

23 The eligible costs provided under this
24 subparagraph (F) of paragraph (11) shall be an
25 eligible cost for the construction, renovation, and
26 rehabilitation of all low and very low-income
27 housing units, as defined in Section 3 of the
28 Illinois Affordable Housing Act, within the
29 redevelopment project area. If the low and very
30 low-income units are part of a residential
31 redevelopment project that includes units not
32 affordable to low and very low-income households,
33 only the low and very low-income units shall be
34 eligible for benefits under subparagraph (F) of

1 paragraph (11). The standards for maintaining the
2 occupancy by low-income households and very
3 low-income households, as defined in Section 3 of
4 the Illinois Affordable Housing Act, of those units
5 constructed with eligible costs made available under
6 the provisions of this subparagraph (F) of paragraph
7 (11) shall be established by guidelines adopted by
8 the municipality. The responsibility for annually
9 documenting the initial occupancy of the units by
10 low-income households and very low-income
11 households, as defined in Section 3 of the Illinois
12 Affordable Housing Act, shall be that of the then
13 current owner of the property. For ownership units,
14 the guidelines will provide, at a minimum, for a
15 reasonable recapture of funds, or other appropriate
16 methods designed to preserve the original
17 affordability of the ownership units. For rental
18 units, the guidelines will provide, at a minimum,
19 for the affordability of rent to low and very
20 low-income households. As units become available,
21 they shall be rented to income-eligible tenants.
22 The municipality may modify these guidelines from
23 time to time; the guidelines, however, shall be in
24 effect for as long as tax increment revenue is being
25 used to pay for costs associated with the units or
26 for the retirement of bonds issued to finance the
27 units or for the life of the redevelopment project
28 area, whichever is later.

29 (11.5) If the redevelopment project area is located
30 within a municipality with a population of more than
31 100,000, the cost of day care services for children of
32 employees from low-income families working for businesses
33 located within the redevelopment project area and all or
34 a portion of the cost of operation of day care centers

1 established by redevelopment project area businesses to
2 serve employees from low-income families working in
3 businesses located in the redevelopment project area.
4 For the purposes of this paragraph, "low-income families"
5 means families whose annual income does not exceed 80% of
6 the municipal, county, or regional median income,
7 adjusted for family size, as the annual income and
8 municipal, county, or regional median income are
9 determined from time to time by the United States
10 Department of Housing and Urban Development.

11 (12) Unless explicitly stated herein the cost of
12 construction of new privately-owned buildings shall not
13 be an eligible redevelopment project cost.

14 (13) After November 1, 1999 (the effective date of
15 Public Act 91-478), none of the redevelopment project
16 costs enumerated in this subsection shall be eligible
17 redevelopment project costs if those costs would provide
18 direct financial support to a retail entity initiating
19 operations in the redevelopment project area while
20 terminating operations at another Illinois location
21 within 10 miles of the redevelopment project area but
22 outside the boundaries of the redevelopment project area
23 municipality. For purposes of this paragraph,
24 termination means a closing of a retail operation that is
25 directly related to the opening of the same operation or
26 like retail entity owned or operated by more than 50% of
27 the original ownership in a redevelopment project area,
28 but it does not mean closing an operation for reasons
29 beyond the control of the retail entity, as documented by
30 the retail entity, subject to a reasonable finding by the
31 municipality that the current location contained
32 inadequate space, had become economically obsolete, or
33 was no longer a viable location for the retailer or
34 serviceman.

1 If a special service area has been established pursuant
2 to the Special Service Area Tax Act or Special Service Area
3 Tax Law, then any tax increment revenues derived from the tax
4 imposed pursuant to the Special Service Area Tax Act or
5 Special Service Area Tax Law may be used within the
6 redevelopment project area for the purposes permitted by that
7 Act or Law as well as the purposes permitted by this Act.

8 (r) "State Sales Tax Boundary" means the redevelopment
9 project area or the amended redevelopment project area
10 boundaries which are determined pursuant to subsection (9) of
11 Section 11-74.4-8a of this Act. The Department of Revenue
12 shall certify pursuant to subsection (9) of Section
13 11-74.4-8a the appropriate boundaries eligible for the
14 determination of State Sales Tax Increment.

15 (s) "State Sales Tax Increment" means an amount equal to
16 the increase in the aggregate amount of taxes paid by
17 retailers and servicemen, other than retailers and servicemen
18 subject to the Public Utilities Act, on transactions at
19 places of business located within a State Sales Tax Boundary
20 pursuant to the Retailers' Occupation Tax Act, the Use Tax
21 Act, the Service Use Tax Act, and the Service Occupation Tax
22 Act, except such portion of such increase that is paid into
23 the State and Local Sales Tax Reform Fund, the Local
24 Government Distributive Fund, the Local Government Tax
25 Fund and the County and Mass Transit District Fund, for as
26 long as State participation exists, over and above the
27 Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts
28 or the Revised Initial Sales Tax Amounts for such taxes as
29 certified by the Department of Revenue and paid under those
30 Acts by retailers and servicemen on transactions at places of
31 business located within the State Sales Tax Boundary during
32 the base year which shall be the calendar year immediately
33 prior to the year in which the municipality adopted tax
34 increment allocation financing, less 3.0% of such amounts

1 generated under the Retailers' Occupation Tax Act, Use Tax
2 Act and Service Use Tax Act and the Service Occupation Tax
3 Act, which sum shall be appropriated to the Department of
4 Revenue to cover its costs of administering and enforcing
5 this Section. For purposes of computing the aggregate amount
6 of such taxes for base years occurring prior to 1985, the
7 Department of Revenue shall compute the Initial Sales Tax
8 Amount for such taxes and deduct therefrom an amount equal to
9 4% of the aggregate amount of taxes per year for each year
10 the base year is prior to 1985, but not to exceed a total
11 deduction of 12%. The amount so determined shall be known as
12 the "Adjusted Initial Sales Tax Amount". For purposes of
13 determining the State Sales Tax Increment the Department of
14 Revenue shall for each period subtract from the tax amounts
15 received from retailers and servicemen on transactions
16 located in the State Sales Tax Boundary, the certified
17 Initial Sales Tax Amounts, Adjusted Initial Sales Tax Amounts
18 or Revised Initial Sales Tax Amounts for the Retailers'
19 Occupation Tax Act, the Use Tax Act, the Service Use Tax Act
20 and the Service Occupation Tax Act. For the State Fiscal
21 Year 1989 this calculation shall be made by utilizing the
22 calendar year 1987 to determine the tax amounts received. For
23 the State Fiscal Year 1990, this calculation shall be made by
24 utilizing the period from January 1, 1988, until September
25 30, 1988, to determine the tax amounts received from
26 retailers and servicemen, which shall have deducted therefrom
27 nine-twelfths of the certified Initial Sales Tax Amounts,
28 Adjusted Initial Sales Tax Amounts or the Revised Initial
29 Sales Tax Amounts as appropriate. For the State Fiscal Year
30 1991, this calculation shall be made by utilizing the period
31 from October 1, 1988, until June 30, 1989, to determine the
32 tax amounts received from retailers and servicemen, which
33 shall have deducted therefrom nine-twelfths of the certified
34 Initial State Sales Tax Amounts, Adjusted Initial Sales Tax

1 Amounts or the Revised Initial Sales Tax Amounts as
2 appropriate. For every State Fiscal Year thereafter, the
3 applicable period shall be the 12 months beginning July 1 and
4 ending on June 30, to determine the tax amounts received
5 which shall have deducted therefrom the certified Initial
6 Sales Tax Amounts, Adjusted Initial Sales Tax Amounts or the
7 Revised Initial Sales Tax Amounts. Municipalities intending
8 to receive a distribution of State Sales Tax Increment must
9 report a list of retailers to the Department of Revenue by
10 October 31, 1988 and by July 31, of each year thereafter.

11 (t) "Taxing districts" means counties, townships, cities
12 and incorporated towns and villages, school, road, park,
13 sanitary, mosquito abatement, forest preserve, public health,
14 fire protection, river conservancy, tuberculosis sanitarium
15 and any other municipal corporations or districts with the
16 power to levy taxes.

17 (u) "Taxing districts' capital costs" means those costs
18 of taxing districts for capital improvements that are found
19 by the municipal corporate authorities to be necessary and
20 directly result from the redevelopment project.

21 (v) As used in subsection (a) of Section 11-74.4-3 of
22 this Act, "vacant land" means any parcel or combination of
23 parcels of real property without industrial, commercial, and
24 residential buildings which has not been used for commercial
25 agricultural purposes within 5 years prior to the designation
26 of the redevelopment project area, unless the parcel is
27 included in an industrial park conservation area or the
28 parcel has been subdivided; provided that if the parcel was
29 part of a larger tract that has been divided into 3 or more
30 smaller tracts that were accepted for recording during the
31 period from 1950 to 1990, then the parcel shall be deemed to
32 have been subdivided, and all proceedings and actions of the
33 municipality taken in that connection with respect to any
34 previously approved or designated redevelopment project area

1 or amended redevelopment project area are hereby validated
2 and hereby declared to be legally sufficient for all purposes
3 of this Act. For purposes of this Section and only for land
4 subject to the subdivision requirements of the Plat Act, land
5 is subdivided when the original plat of the proposed
6 Redevelopment Project Area or relevant portion thereof has
7 been properly certified, acknowledged, approved, and recorded
8 or filed in accordance with the Plat Act and a preliminary
9 plat, if any, for any subsequent phases of the proposed
10 Redevelopment Project Area or relevant portion thereof has
11 been properly approved and filed in accordance with the
12 applicable ordinance of the municipality.

13 (w) "Annual Total Increment" means the sum of each
14 municipality's annual Net Sales Tax Increment and each
15 municipality's annual Net Utility Tax Increment. The ratio
16 of the Annual Total Increment of each municipality to the
17 Annual Total Increment for all municipalities, as most
18 recently calculated by the Department, shall determine the
19 proportional shares of the Illinois Tax Increment Fund to be
20 distributed to each municipality.

21 (Source: P.A. 90-379, eff. 8-14-97; 91-261, eff. 7-23-99;
22 91-477, eff. 8-11-99; 91-478, eff. 11-1-99; 91-642, eff.
23 8-20-99; 91-763, eff. 6-9-00)

24 (65 ILCS 5/11-74.4-8a) (from Ch. 24, par. 11-74.4-8a)
25 Sec. 11-74.4-8a. (1) Until June 1, 1988, a municipality
26 which has adopted tax increment allocation financing prior to
27 January 1, 1987, may by ordinance (1) authorize the
28 Department of Revenue, subject to appropriation, to annually
29 certify and cause to be paid from the Illinois Tax Increment
30 Fund to such municipality for deposit in the municipality's
31 special tax allocation fund an amount equal to the Net State
32 Sales Tax Increment and (2) authorize the Department of
33 Revenue to annually notify the municipality of the amount of

1 the Municipal Sales Tax Increment which shall be deposited by
2 the municipality in the municipality's special tax allocation
3 fund. Provided that for purposes of this Section no
4 amendments adding additional area to the redevelopment
5 project area which has been certified as the State Sales Tax
6 Boundary shall be taken into account if such amendments are
7 adopted by the municipality after January 1, 1987. If an
8 amendment is adopted which decreases the area of a State
9 Sales Tax Boundary, the municipality shall update the list
10 required by subsection (3)(a) of this Section. The Retailers'
11 Occupation Tax liability, Use Tax liability, Service
12 Occupation Tax liability and Service Use Tax liability for
13 retailers and servicemen located within the disconnected area
14 shall be excluded from the base from which tax increments are
15 calculated and the revenue from any such retailer or
16 serviceman shall not be included in calculating incremental
17 revenue payable to the municipality. A municipality adopting
18 an ordinance under this subsection (1) of this Section for a
19 redevelopment project area which is certified as a State
20 Sales Tax Boundary shall not be entitled to payments of State
21 taxes authorized under subsection (2) of this Section for the
22 same redevelopment project area. Nothing herein shall be
23 construed to prevent a municipality from receiving payment of
24 State taxes authorized under subsection (2) of this Section
25 for a separate redevelopment project area that does not
26 overlap in any way with the State Sales Tax Boundary
27 receiving payments of State taxes pursuant to subsection (1)
28 of this Section.

29 A certified copy of such ordinance shall be submitted by
30 the municipality to the Department of Commerce and Community
31 Affairs and the Department of Revenue not later than 30 days
32 after the effective date of the ordinance. Upon submission
33 of the ordinances, and the information required pursuant to
34 subsection 3 of this Section, the Department of Revenue shall

1 promptly determine the amount of such taxes paid under the
2 Retailers' Occupation Tax Act, Use Tax Act, Service Use Tax
3 Act, the Service Occupation Tax Act, the Municipal Retailers'
4 Occupation Tax Act and the Municipal Service Occupation Tax
5 Act by retailers and servicemen on transactions at places
6 located in the redevelopment project area during the base
7 year, and shall certify all the foregoing "initial sales tax
8 amounts" to the municipality within 60 days of submission of
9 the list required of subsection (3)(a) of this Section.

10 If a retailer or serviceman with a place of business
11 located within a redevelopment project area also has one or
12 more other places of business within the municipality but
13 outside the redevelopment project area, the retailer or
14 serviceman shall, upon request of the Department of Revenue,
15 certify to the Department of Revenue the amount of taxes paid
16 pursuant to the Retailers' Occupation Tax Act, the Municipal
17 Retailers' Occupation Tax Act, the Service Occupation Tax Act
18 and the Municipal Service Occupation Tax Act at each place of
19 business which is located within the redevelopment project
20 area in the manner and for the periods of time requested by
21 the Department of Revenue.

22 When the municipality determines that a portion of an
23 increase in the aggregate amount of taxes paid by retailers
24 and servicemen under the Retailers' Occupation Tax Act, Use
25 Tax Act, Service Use Tax Act, or the Service Occupation Tax
26 Act is the result of a retailer or serviceman initiating
27 retail or service operations in the redevelopment project
28 area by such retailer or serviceman with a resulting
29 termination of retail or service operations by such retailer
30 or serviceman at another location in Illinois in the standard
31 metropolitan statistical area of such municipality, the
32 Department of Revenue shall be notified that the retailers
33 occupation tax liability, use tax liability, service
34 occupation tax liability, or service use tax liability from

1 such retailer's or serviceman's terminated operation shall be
2 included in the base Initial Sales Tax Amounts from which the
3 State Sales Tax Increment is calculated for purposes of State
4 payments to the affected municipality; provided, however, for
5 purposes of this paragraph "termination" shall mean a closing
6 of a retail or service operation which is directly related to
7 the opening of the same retail or service operation in a
8 redevelopment project area which is included within a State
9 Sales Tax Boundary, but it shall not include retail or
10 service operations closed for reasons beyond the control of
11 the retailer or serviceman, as determined by the Department.

12 If the municipality makes the determination referred to
13 in the prior paragraph and notifies the Department and if the
14 relocation is from a location within the municipality, the
15 Department, at the request of the municipality, shall adjust
16 the certified aggregate amount of taxes that constitute the
17 Municipal Sales Tax Increment paid by retailers and
18 servicemen on transactions at places of business located
19 within the State Sales Tax Boundary during the base year
20 using the same procedures as are employed to make the
21 adjustment referred to in the prior paragraph. The adjusted
22 Municipal Sales Tax Increment calculated by the Department
23 shall be sufficient to satisfy the requirements of subsection
24 (1) of this Section.

25 When a municipality which has adopted tax increment
26 allocation financing in 1986 determines that a portion of the
27 aggregate amount of taxes paid by retailers and servicemen
28 under the Retailers Occupation Tax Act, Use Tax Act, Service
29 Use Tax Act, or Service Occupation Tax Act, the Municipal
30 Retailers' Occupation Tax Act and the Municipal Service
31 Occupation Tax Act, includes revenue of a retailer or
32 serviceman which terminated retailer or service operations in
33 1986, prior to the adoption of tax increment allocation
34 financing, the Department of Revenue shall be notified by

1 such municipality that the retailers' occupation tax
2 liability, use tax liability, service occupation tax
3 liability or service use tax liability, from such retailer's
4 or serviceman's terminated operations shall be excluded from
5 the Initial Sales Tax Amounts for such taxes. The revenue
6 from any such retailer or serviceman which is excluded from
7 the base year under this paragraph, shall not be included in
8 calculating incremental revenues if such retailer or
9 serviceman reestablishes such business in the redevelopment
10 project area.

11 For State fiscal year 1992, the Department of Revenue
12 shall budget, and the Illinois General Assembly shall
13 appropriate from the Illinois Tax Increment Fund in the State
14 treasury, an amount not to exceed \$18,000,000 to pay to each
15 eligible municipality the Net State Sales Tax Increment to
16 which such municipality is entitled.

17 Beginning on January 1, 1993, each municipality's
18 proportional share of the Illinois Tax Increment Fund shall
19 be determined by adding the annual Net State Sales Tax
20 Increment and the annual Net Utility Tax Increment to
21 determine the Annual Total Increment. The ratio of the Annual
22 Total Increment of each municipality to the Annual Total
23 Increment for all municipalities, as most recently calculated
24 by the Department, shall determine the proportional shares of
25 the Illinois Tax Increment Fund to be distributed to each
26 municipality.

27 Beginning in October, 1993, and each January, April, July
28 and October thereafter, the Department of Revenue shall
29 certify to the Treasurer and the Comptroller the amounts
30 payable quarter annually during the fiscal year to each
31 municipality under this Section. The Comptroller shall
32 promptly then draw warrants, ordering the State Treasurer to
33 pay such amounts from the Illinois Tax Increment Fund in the
34 State treasury.

1 The Department of Revenue shall utilize the same periods
2 established for determining State Sales Tax Increment to
3 determine the Municipal Sales Tax Increment for the area
4 within a State Sales Tax Boundary and certify such amounts to
5 such municipal treasurer who shall transfer such amounts to
6 the special tax allocation fund.

7 The provisions of this subsection (1) do not apply to
8 additional municipal retailers' occupation or service
9 occupation taxes imposed by municipalities using their home
10 rule powers or imposed pursuant to Sections 8-11-1.3,
11 8-11-1.4 and 8-11-1.5 of this Act. A municipality shall not
12 receive from the State any share of the Illinois Tax
13 Increment Fund unless such municipality deposits all its
14 Municipal Sales Tax Increment and the local incremental real
15 property tax revenues, as provided herein, into the
16 appropriate special tax allocation fund. If, however, a
17 municipality has extended the estimated dates of completion
18 of the redevelopment project and retirement of obligations to
19 finance redevelopment project costs by municipal ordinance to
20 December 31, 2013 under subsection (n) of Section 11-74.4-3,
21 then that municipality shall continue to receive from the
22 State a share of the Illinois Tax Increment Fund even if the
23 municipality does not deposit any real property tax revenues
24 into the special tax allocation fund during the extension
25 period. A municipality located within an economic development
26 project area created under the County Economic Development
27 Project Area Property Tax Allocation Act which has abated any
28 portion of its property taxes which otherwise would have been
29 deposited in its special tax allocation fund shall not
30 receive from the State the Net Sales Tax Increment.

31 (2) A municipality which has adopted tax increment
32 allocation financing with regard to an industrial park or
33 industrial park conservation area, prior to January 1, 1988,
34 may by ordinance authorize the Department of Revenue to

1 annually certify and pay from the Illinois Tax Increment Fund
2 to such municipality for deposit in the municipality's
3 special tax allocation fund an amount equal to the Net State
4 Utility Tax Increment. Provided that for purposes of this
5 Section no amendments adding additional area to the
6 redevelopment project area shall be taken into account if
7 such amendments are adopted by the municipality after January
8 1, 1988. Municipalities adopting an ordinance under this
9 subsection (2) of this Section for a redevelopment project
10 area shall not be entitled to payment of State taxes
11 authorized under subsection (1) of this Section for the same
12 redevelopment project area which is within a State Sales Tax
13 Boundary. Nothing herein shall be construed to prevent a
14 municipality from receiving payment of State taxes authorized
15 under subsection (1) of this Section for a separate
16 redevelopment project area within a State Sales Tax Boundary
17 that does not overlap in any way with the redevelopment
18 project area receiving payments of State taxes pursuant to
19 subsection (2) of this Section.

20 A certified copy of such ordinance shall be submitted to
21 the Department of Commerce and Community Affairs and the
22 Department of Revenue not later than 30 days after the
23 effective date of the ordinance.

24 When a municipality determines that a portion of an
25 increase in the aggregate amount of taxes paid by industrial
26 or commercial facilities under the Public Utilities Act, is
27 the result of an industrial or commercial facility initiating
28 operations in the redevelopment project area with a resulting
29 termination of such operations by such industrial or
30 commercial facility at another location in Illinois, the
31 Department of Revenue shall be notified by such municipality
32 that such industrial or commercial facility's liability under
33 the Public Utility Tax Act shall be included in the base from
34 which tax increments are calculated for purposes of State

1 payments to the affected municipality.

2 After receipt of the calculations by the public utility
3 as required by subsection (4) of this Section, the Department
4 of Revenue shall annually budget and the Illinois General
5 Assembly shall annually appropriate from the General Revenue
6 Fund through State Fiscal Year 1989, and thereafter from the
7 Illinois Tax Increment Fund, an amount sufficient to pay to
8 each eligible municipality the amount of incremental revenue
9 attributable to State electric and gas taxes as reflected by
10 the charges imposed on persons in the project area to which
11 such municipality is entitled by comparing the preceding
12 calendar year with the base year as determined by this
13 Section. Beginning on January 1, 1993, each municipality's
14 proportional share of the Illinois Tax Increment Fund shall
15 be determined by adding the annual Net State Utility Tax
16 Increment and the annual Net Utility Tax Increment to
17 determine the Annual Total Increment. The ratio of the Annual
18 Total Increment of each municipality to the Annual Total
19 Increment for all municipalities, as most recently calculated
20 by the Department, shall determine the proportional shares of
21 the Illinois Tax Increment Fund to be distributed to each
22 municipality.

23 A municipality shall not receive any share of the
24 Illinois Tax Increment Fund from the State unless such
25 municipality imposes the maximum municipal charges authorized
26 pursuant to Section 9-221 of the Public Utilities Act and
27 deposits all municipal utility tax incremental revenues as
28 certified by the public utilities, and all local real estate
29 tax increments into such municipality's special tax
30 allocation fund.

31 (3) Within 30 days after the adoption of the ordinance
32 required by either subsection (1) or subsection (2) of this
33 Section, the municipality shall transmit to the Department of
34 Commerce and Community Affairs and the Department of Revenue

1 the following:

2 (a) if applicable, a certified copy of the
3 ordinance required by subsection (1) accompanied by a
4 complete list of street names and the range of street
5 numbers of each street located within the redevelopment
6 project area for which payments are to be made under this
7 Section in both the base year and in the year preceding
8 the payment year; and the addresses of persons registered
9 with the Department of Revenue; and, the name under which
10 each such retailer or serviceman conducts business at
11 that address, if different from the corporate name; and
12 the Illinois Business Tax Number of each such person (The
13 municipality shall update this list in the event of a
14 revision of the redevelopment project area, or the
15 opening or closing or name change of any street or part
16 thereof in the redevelopment project area, or if the
17 Department of Revenue informs the municipality of an
18 addition or deletion pursuant to the monthly updates
19 given by the Department.);

20 (b) if applicable, a certified copy of the
21 ordinance required by subsection (2) accompanied by a
22 complete list of street names and range of street numbers
23 of each street located within the redevelopment project
24 area, the utility customers in the project area, and the
25 utilities serving the redevelopment project areas;

26 (c) certified copies of the ordinances approving
27 the redevelopment plan and designating the redevelopment
28 project area;

29 (d) a copy of the redevelopment plan as approved by
30 the municipality;

31 (e) an opinion of legal counsel that the
32 municipality had complied with the requirements of this
33 Act; and

34 (f) a certification by the chief executive officer

1 of the municipality that with regard to a redevelopment
2 project area: (1) the municipality has committed all of
3 the municipal tax increment created pursuant to this Act
4 for deposit in the special tax allocation fund, (2) the
5 redevelopment projects described in the redevelopment
6 plan would not be completed without the use of State
7 incremental revenues pursuant to this Act, (3) the
8 municipality will pursue the implementation of the
9 redevelopment plan in an expeditious manner, (4) the
10 incremental revenues created pursuant to this Section
11 will be exclusively utilized for the development of the
12 redevelopment project area, and (5) the increased revenue
13 created pursuant to this Section shall be used
14 exclusively to pay redevelopment project costs as defined
15 in this Act.

16 (4) The Department of Revenue upon receipt of the
17 information set forth in paragraph (b) of subsection (3)
18 shall immediately forward such information to each public
19 utility furnishing natural gas or electricity to buildings
20 within the redevelopment project area. Upon receipt of such
21 information, each public utility shall promptly:

22 (a) provide to the Department of Revenue and the
23 municipality separate lists of the names and addresses of
24 persons within the redevelopment project area receiving
25 natural gas or electricity from such public utility.
26 Such list shall be updated as necessary by the public
27 utility. Each month thereafter the public utility shall
28 furnish the Department of Revenue and the municipality
29 with an itemized listing of charges imposed pursuant to
30 Sections 9-221 and 9-222 of the Public Utilities Act on
31 persons within the redevelopment project area.

32 (b) determine the amount of charges imposed
33 pursuant to Sections 9-221 and 9-222 of the Public
34 Utilities Act on persons in the redevelopment project

1 area during the base year, both as a result of municipal
2 taxes on electricity and gas and as a result of State
3 taxes on electricity and gas and certify such amounts
4 both to the municipality and the Department of Revenue;
5 and

6 (c) determine the amount of charges imposed
7 pursuant to Sections 9-221 and 9-222 of the Public
8 Utilities Act on persons in the redevelopment project
9 area on a monthly basis during the base year, both as a
10 result of State and municipal taxes on electricity and
11 gas and certify such separate amounts both to the
12 municipality and the Department of Revenue.

13 After the determinations are made in paragraphs (b) and
14 (c), the public utility shall monthly during the existence of
15 the redevelopment project area notify the Department of
16 Revenue and the municipality of any increase in charges over
17 the base year determinations made pursuant to paragraphs (b)
18 and (c).

19 (5) The payments authorized under this Section shall be
20 deposited by the municipal treasurer in the special tax
21 allocation fund of the municipality, which for accounting
22 purposes shall identify the sources of each payment as:
23 municipal receipts from the State retailers occupation,
24 service occupation, use and service use taxes; and municipal
25 public utility taxes charged to customers under the Public
26 Utilities Act and State public utility taxes charged to
27 customers under the Public Utilities Act.

28 (6) Before the effective date of this amendatory Act of
29 the 91st General Assembly, any municipality receiving
30 payments authorized under this Section for any redevelopment
31 project area or area within a State Sales Tax Boundary within
32 the municipality shall submit to the Department of Revenue
33 and to the taxing districts which are sent the notice
34 required by Section 6 of this Act annually within 180 days

1 after the close of each municipal fiscal year the following
2 information for the immediately preceding fiscal year:

3 (a) Any amendments to the redevelopment plan, the
4 redevelopment project area, or the State Sales Tax
5 Boundary.

6 (b) Audited financial statements of the special tax
7 allocation fund.

8 (c) Certification of the Chief Executive Officer of
9 the municipality that the municipality has complied with
10 all of the requirements of this Act during the preceding
11 fiscal year.

12 (d) An opinion of legal counsel that the
13 municipality is in compliance with this Act.

14 (e) An analysis of the special tax allocation fund
15 which sets forth:

16 (1) the balance in the special tax allocation
17 fund at the beginning of the fiscal year;

18 (2) all amounts deposited in the special tax
19 allocation fund by source;

20 (3) all expenditures from the special tax
21 allocation fund by category of permissible
22 redevelopment project cost; and

23 (4) the balance in the special tax allocation
24 fund at the end of the fiscal year including a
25 breakdown of that balance by source. Such ending
26 balance shall be designated as surplus if it is not
27 required for anticipated redevelopment project costs
28 or to pay debt service on bonds issued to finance
29 redevelopment project costs, as set forth in Section
30 11-74.4-7 hereof.

31 (f) A description of all property purchased by the
32 municipality within the redevelopment project area
33 including:

34 1. Street address

- 1 2. Approximate size or description of property
- 2 3. Purchase price
- 3 4. Seller of property.

4 (g) A statement setting forth all activities
5 undertaken in furtherance of the objectives of the
6 redevelopment plan, including:

- 7 1. Any project implemented in the preceding
8 fiscal year
- 9 2. A description of the redevelopment
10 activities undertaken
- 11 3. A description of any agreements entered
12 into by the municipality with regard to the
13 disposition or redevelopment of any property within
14 the redevelopment project area or the area within
15 the State Sales Tax Boundary.

16 (h) With regard to any obligations issued by the
17 municipality:

- 18 1. copies of bond ordinances or resolutions
- 19 2. copies of any official statements
- 20 3. an analysis prepared by financial advisor
21 or underwriter setting forth: (a) nature and term of
22 obligation; and (b) projected debt service including
23 required reserves and debt coverage.

24 (i) A certified audit report reviewing compliance
25 with this statute performed by an independent public
26 accountant certified and licensed by the authority of the
27 State of Illinois. The financial portion of the audit
28 must be conducted in accordance with Standards for Audits
29 of Governmental Organizations, Programs, Activities, and
30 Functions adopted by the Comptroller General of the
31 United States (1981), as amended. The audit report shall
32 contain a letter from the independent certified public
33 accountant indicating compliance or noncompliance with
34 the requirements of subsection (q) of Section 11-74.4-3.

1 If the audit indicates that expenditures are not in
2 compliance with the law, the Department of Revenue shall
3 withhold State sales and utility tax increment payments
4 to the municipality until compliance has been reached,
5 and an amount equal to the ineligible expenditures has
6 been returned to the Special Tax Allocation Fund.

7 (6.1) After July 29, 1988 and before the effective date
8 of this amendatory Act of the 91st General Assembly, any
9 funds which have not been designated for use in a specific
10 development project in the annual report shall be designated
11 as surplus. No funds may be held in the Special Tax
12 Allocation Fund for more than 36 months from the date of
13 receipt unless the money is required for payment of
14 contractual obligations for specific development project
15 costs. If held for more than 36 months in violation of the
16 preceding sentence, such funds shall be designated as
17 surplus. Any funds designated as surplus must first be used
18 for early redemption of any bond obligations. Any funds
19 designated as surplus which are not disposed of as otherwise
20 provided in this paragraph, shall be distributed as surplus
21 as provided in Section 11-74.4-7.

22 (7) Any appropriation made pursuant to this Section for
23 the 1987 State fiscal year shall not exceed the amount of \$7
24 million and for the 1988 State fiscal year the amount of \$10
25 million. The amount which shall be distributed to each
26 municipality shall be the incremental revenue to which each
27 municipality is entitled as calculated by the Department of
28 Revenue, unless the requests of the municipality exceed the
29 appropriation, then the amount to which each municipality
30 shall be entitled shall be prorated among the municipalities
31 in the same proportion as the increment to which the
32 municipality would be entitled bears to the total increment
33 which all municipalities would receive in the absence of this
34 limitation, provided that no municipality may receive an

1 amount in excess of 15% of the appropriation. For the 1987
2 Net State Sales Tax Increment payable in Fiscal Year 1989, no
3 municipality shall receive more than 7.5% of the total
4 appropriation; provided, however, that any of the
5 appropriation remaining after such distribution shall be
6 prorated among municipalities on the basis of their pro rata
7 share of the total increment. Beginning on January 1, 1993,
8 each municipality's proportional share of the Illinois Tax
9 Increment Fund shall be determined by adding the annual Net
10 State Sales Tax Increment and the annual Net Utility Tax
11 Increment to determine the Annual Total Increment. The ratio
12 of the Annual Total Increment of each municipality to the
13 Annual Total Increment for all municipalities, as most
14 recently calculated by the Department, shall determine the
15 proportional shares of the Illinois Tax Increment Fund to be
16 distributed to each municipality.

17 (7.1) No distribution of Net State Sales Tax Increment
18 to a municipality for an area within a State Sales Tax
19 Boundary shall exceed in any State Fiscal Year an amount
20 equal to 3 times the sum of the Municipal Sales Tax
21 Increment, the real property tax increment and deposits of
22 funds from other sources, excluding state and federal funds,
23 as certified by the city treasurer to the Department of
24 Revenue for an area within a State Sales Tax Boundary. After
25 July 29, 1988, for those municipalities which issue bonds
26 between June 1, 1988 and 3 years from July 29, 1988 to
27 finance redevelopment projects within the area in a State
28 Sales Tax Boundary, the distribution of Net State Sales Tax
29 Increment during the 16th through 20th years from the date of
30 issuance of the bonds shall not exceed in any State Fiscal
31 Year an amount equal to 2 times the sum of the Municipal
32 Sales Tax Increment, the real property tax increment and
33 deposits of funds from other sources, excluding State and
34 federal funds.

1 (8) Any person who knowingly files or causes to be filed
2 false information for the purpose of increasing the amount of
3 any State tax incremental revenue commits a Class A
4 misdemeanor.

5 (9) The following procedures shall be followed to
6 determine whether municipalities have complied with the Act
7 for the purpose of receiving distributions after July 1, 1989
8 pursuant to subsection (1) of this Section 11-74.4-8a.

9 (a) The Department of Revenue shall conduct a
10 preliminary review of the redevelopment project areas and
11 redevelopment plans pertaining to those municipalities
12 receiving payments from the State pursuant to subsection
13 (1) of Section 8a of this Act for the purpose of
14 determining compliance with the following standards:

15 (1) For any municipality with a population of
16 more than 12,000 as determined by the 1980 U.S.
17 Census: (a) the redevelopment project area, or in
18 the case of a municipality which has more than one
19 redevelopment project area, each such area, must be
20 contiguous and the total of all such areas shall not
21 comprise more than 25% of the area within the
22 municipal boundaries nor more than 20% of the
23 equalized assessed value of the municipality; (b)
24 the aggregate amount of 1985 taxes in the
25 redevelopment project area, or in the case of a
26 municipality which has more than one redevelopment
27 project area, the total of all such areas, shall be
28 not more than 25% of the total base year taxes paid
29 by retailers and servicemen on transactions at
30 places of business located within the municipality
31 under the Retailers' Occupation Tax Act, the Use Tax
32 Act, the Service Use Tax Act, and the Service
33 Occupation Tax Act. Redevelopment project areas
34 created prior to 1986 are not subject to the above

1 standards if their boundaries were not amended in
2 1986.

3 (2) For any municipality with a population of
4 12,000 or less as determined by the 1980 U.S.
5 Census: (a) the redevelopment project area, or in
6 the case of a municipality which has more than one
7 redevelopment project area, each such area, must be
8 contiguous and the total of all such areas shall not
9 comprise more than 35% of the area within the
10 municipal boundaries nor more than 30% of the
11 equalized assessed value of the municipality; (b)
12 the aggregate amount of 1985 taxes in the
13 redevelopment project area, or in the case of a
14 municipality which has more than one redevelopment
15 project area, the total of all such areas, shall not
16 be more than 35% of the total base year taxes paid
17 by retailers and servicemen on transactions at
18 places of business located within the municipality
19 under the Retailers' Occupation Tax Act, the Use Tax
20 Act, the Service Use Tax Act, and the Service
21 Occupation Tax Act. Redevelopment project areas
22 created prior to 1986 are not subject to the above
23 standards if their boundaries were not amended in
24 1986.

25 (3) Such preliminary review of the
26 redevelopment project areas applying the above
27 standards shall be completed by November 1, 1988,
28 and on or before November 1, 1988, the Department
29 shall notify each municipality by certified mail,
30 return receipt requested that either (1) the
31 Department requires additional time in which to
32 complete its preliminary review; or (2) the
33 Department is issuing either (a) a Certificate of
34 Eligibility or (b) a Notice of Review. If the

1 Department notifies a municipality that it requires
2 additional time to complete its preliminary
3 investigation, it shall complete its preliminary
4 investigation no later than February 1, 1989, and by
5 February 1, 1989 shall issue to each municipality
6 either (a) a Certificate of Eligibility or (b) a
7 Notice of Review. A redevelopment project area for
8 which a Certificate of Eligibility has been issued
9 shall be deemed a "State Sales Tax Boundary."

10 (4) The Department of Revenue shall also issue
11 a Notice of Review if the Department has received a
12 request by November 1, 1988 to conduct such a review
13 from taxpayers in the municipality, local taxing
14 districts located in the municipality or the State
15 of Illinois, or if the redevelopment project area
16 has more than 5 retailers and has had growth in
17 State sales tax revenue of more than 15% from
18 calendar year 1985 to 1986.

19 (b) For those municipalities receiving a Notice of
20 Review, the Department will conduct a secondary review
21 consisting of: (i) application of the above standards
22 contained in subsection (9)(a)(1)(a) and (b) or
23 (9)(a)(2)(a) and (b), and (ii) the definitions of
24 blighted and conservation area provided for in Section
25 11-74.4-3. Such secondary review shall be completed by
26 July 1, 1989.

27 Upon completion of the secondary review, the
28 Department will issue (a) a Certificate of Eligibility or
29 (b) a Preliminary Notice of Deficiency. Any municipality
30 receiving a Preliminary Notice of Deficiency may amend
31 its redevelopment project area to meet the standards and
32 definitions set forth in this paragraph (b). This amended
33 redevelopment project area shall become the "State Sales
34 Tax Boundary" for purposes of determining the State Sales

1 Tax Increment.

2 (c) If the municipality advises the Department of
3 its intent to comply with the requirements of paragraph
4 (b) of this subsection outlined in the Preliminary Notice
5 of Deficiency, within 120 days of receiving such notice
6 from the Department, the municipality shall submit
7 documentation to the Department of the actions it has
8 taken to cure any deficiencies. Thereafter, within 30
9 days of the receipt of the documentation, the Department
10 shall either issue a Certificate of Eligibility or a
11 Final Notice of Deficiency. If the municipality fails to
12 advise the Department of its intent to comply or fails to
13 submit adequate documentation of such cure of
14 deficiencies the Department shall issue a Final Notice of
15 Deficiency that provides that the municipality is
16 ineligible for payment of the Net State Sales Tax
17 Increment.

18 (d) If the Department issues a final determination
19 of ineligibility, the municipality shall have 30 days
20 from the receipt of determination to protest and request
21 a hearing. Such hearing shall be conducted in accordance
22 with Sections 10-25, 10-35, 10-40, and 10-50 of the
23 Illinois Administrative Procedure Act. The decision
24 following the hearing shall be subject to review under
25 the Administrative Review Law.

26 (e) Any Certificate of Eligibility issued pursuant
27 to this subsection 9 shall be binding only on the State
28 for the purposes of establishing municipal eligibility to
29 receive revenue pursuant to subsection (1) of this
30 Section 11-74.4-8a.

31 (f) It is the intent of this subsection that the
32 periods of time to cure deficiencies shall be in addition
33 to all other periods of time permitted by this Section,
34 regardless of the date by which plans were originally

1 required to be adopted. To cure said deficiencies,
2 however, the municipality shall be required to follow the
3 procedures and requirements pertaining to amendments, as
4 provided in Sections 11-74.4-5 and 11-74.4-6 of this Act.

5 (10) If a municipality adopts a State Sales Tax Boundary
6 in accordance with the provisions of subsection (9) of this
7 Section, such boundaries shall subsequently be utilized to
8 determine Revised Initial Sales Tax Amounts and the Net State
9 Sales Tax Increment; provided, however, that such revised
10 State Sales Tax Boundary shall not have any effect upon the
11 boundary of the redevelopment project area established for
12 the purposes of determining the ad valorem taxes on real
13 property pursuant to Sections 11-74.4-7 and 11-74.4-8 of this
14 Act nor upon the municipality's authority to implement the
15 redevelopment plan for that redevelopment project area. For
16 any redevelopment project area with a smaller State Sales Tax
17 Boundary within its area, the municipality may annually elect
18 to deposit the Municipal Sales Tax Increment for the
19 redevelopment project area in the special tax allocation fund
20 and shall certify the amount to the Department prior to
21 receipt of the Net State Sales Tax Increment. Any
22 municipality required by subsection (9) to establish a State
23 Sales Tax Boundary for one or more of its redevelopment
24 project areas shall submit all necessary information required
25 by the Department concerning such boundary and the retailers
26 therein, by October 1, 1989, after complying with the
27 procedures for amendment set forth in Sections 11-74.4-5 and
28 11-74.4-6 of this Act. Net State Sales Tax Increment
29 produced within the State Sales Tax Boundary shall be spent
30 only within that area. However expenditures of all municipal
31 property tax increment and municipal sales tax increment in a
32 redevelopment project area are not required to be spent
33 within the smaller State Sales Tax Boundary within such
34 redevelopment project area.

1 (11) The Department of Revenue shall have the authority
2 to issue rules and regulations for purposes of this Section.
3 and regulations for purposes of this Section.

4 (12) If, under Section 5.4.1 of the Illinois Enterprise
5 Zone Act, a municipality determines that property that lies
6 within a State Sales Tax Boundary has an improvement,
7 rehabilitation, or renovation that is entitled to a property
8 tax abatement, then that property along with any
9 improvements, rehabilitation, or renovations shall be
10 immediately removed from any State Sales Tax Boundary. The
11 municipality that made the determination shall notify the
12 Department of Revenue within 30 days after the determination.
13 Once a property is removed from the State Sales Tax Boundary
14 because of the existence of a property tax abatement
15 resulting from an enterprise zone, then that property shall
16 not be permitted to be amended into a State Sales Tax
17 Boundary.

18 (Source: P.A. 90-258, eff. 7-30-97; 91-51, eff. 6-30-99;
19 91-478, eff. 11-1-99.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.