

DATE: January 26, 2022
TO: Clients and Colleagues
Re: TIF Illinois Legislative Update
FROM: Jacob & Klein, Ltd. and The Economic Development Group, Ltd.

Please take a moment to consider the following proposals that are currently pending in the Illinois Legislature that require your attention. The first two listed bills, if approved, would profoundly affect the use of Tax Increment Financing by all municipalities. The third bill listed below is a very helpful clarification that is needed in the TIF Act.

SENATE BILL 2298 (oppose):

On Thursday, January 20, 2022, [Senate Bill 2298 Amendment No. 1](#) was filed with the Illinois State Senate by Senator Ann Gillespie (D) 27th District. This proposed bill as amended will:

- ✓ Substantially change the Tax Increment Allocation Redevelopment Act (the “TIF Act”);
- ✓ Challenge the authority and integrity of Illinois municipalities; and
- ✓ Severely disable the TIF Act as it is currently known.

Your community’s use of Tax Increment Financing has been essential to local economic development, so we strongly urge you to contact [State Senators](#) and [State Representatives](#) in your region, as well as members of the [Senate Assignments Committee](#) and ask them to **OPPOSE SB 2298** and any similar proposed measures that will effectively destroy the best economic tool available to Illinois municipalities.

If SB 2298 Amendment No. 1 is adopted, it will:

- ✓ **Significantly impede a municipality’s ability to establish a TIF District.** The bill deletes several of the current blight characteristics utilized, makes it more difficult to qualify property under the remaining blight characteristics, and requires an additional factor be present when qualifying vacant parcels based on flooding and drainage conditions.
- ✓ **Reduce municipal authority and grant more authority to the Joint Review Board for both approving new TIF Districts and the annual administration of established TIF Districts.** These are municipal functions and responsibilities that the legislation would

transfer to the JRB, significantly reducing the municipalities control over economic development in its community.

- ✓ **Limit a municipality's ability to reconfigure existing TIF Redevelopment Project Areas and manage efforts to attract new private investment and economic development.** The bill would complicate a municipality's efforts to configure a site for redevelopment in a new TIF District Redevelopment Area if the site includes property in an older, pre-existing TIF District.

It will be important for you to contact [Senator Gillespie](#) and other members of the Illinois Legislature prior to February 1st when the Illinois Senate is scheduled to be back_ in session to express your concerns and opposition to SB 2298.

HOUSE BILL 4432 (express concerns):

On January 10, 2022, [HB 4432](#) was introduced by [Representative Dave Vella \(D\) 68th District](#). This bill seeks to amend the Prevailing Wage Act by expanding the definition of "public works" to include construction projects within a designated redevelopment project area as defined in the TIF Act and construction projects within a River Edge Redevelopment Zone as defined in the River Edge Redevelopment Zone Act. The [Illinois Department of Labor](#) has long held an opinion that funds received from Tax Increment Financing for new private construction do not qualify as "public funds".

Our view is that municipalities should have the ability to choose local labor requirements and at minimum, HB 4432 should be amended to include an exception for small projects such as downtown rehabilitations. We urge you to contact Rep. Vella to express any concerns you may have about HB 4432

SENATE BILL 3106 (support):

[SB 3106](#) seeks to remove ambiguity in the TIF Act following the recent opinion of the Illinois Supreme Court in Board of Education of Richland School District 88A v. City of Crest Hill. The bill amends the TIF Act by providing parcels of land are considered to be "contiguous" if they touch or join one another in a reasonably substantial sense. Parcels are also considered to be contiguous if they meet the criteria for annexation under specified provisions of the Illinois Municipal Code. SB3106 would makes these changes declarative of existing law and retroactive with regard to pending actions.

Clarifications offered by SB 3106 are essential to the establishment of new TIF District redevelopment project areas. We encourage you to offer **SUPPORT** for the passage of SB 3106 during this Spring Legislative Session.

WHAT YOU CAN DO:

1. Contact your [State Senators](#) and [State Representatives](#) as soon as possible to:
 - a. **Oppose** SB 2298;
 - b. **Express your concerns** about HB 4432; and
 - c. **Support** SB 3106.
2. Stay informed about the status of all of these proposals by bookmarking [Status of SB 2298](#), [Status of HB 4432](#), and [Status of SB 3106](#) on the Illinois General Assembly's website in your web browser.
3. Learn more about these legislative changes by checking our [TIF IL Legislative Updates](#), or contact our office for more information about how [Jacob & Klein, Ltd. and The Economic Development Group, Ltd.](#) may be of further assistance.

Please consider how these bills will affect your community and make your opinions known. **The time to act is now.**

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