



TIF Districts in Illinois

How many and
where are they?

How does it work?

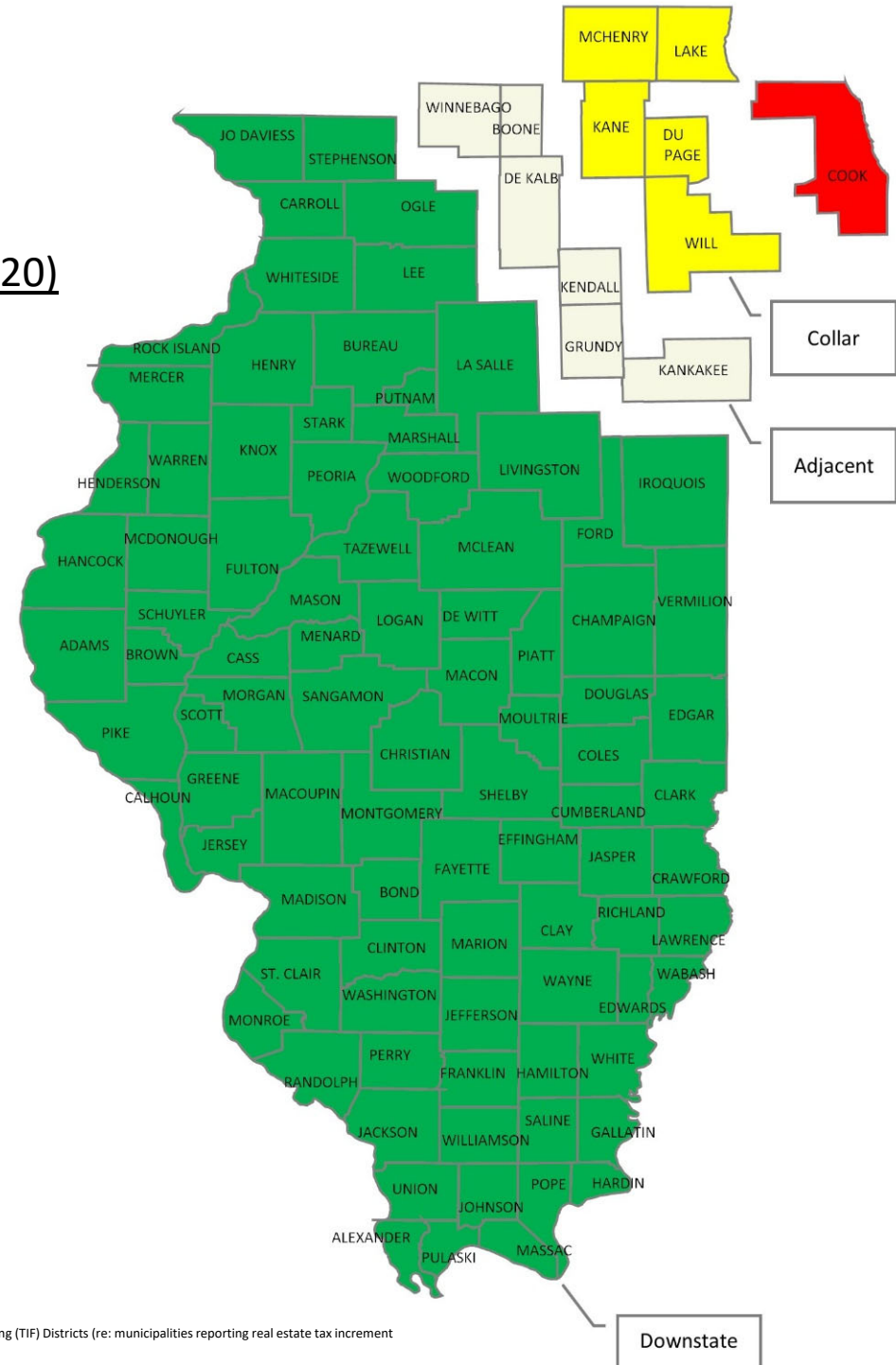
Why is it vital?

TIF IN ILLINOIS

“Tax Increment Financing is an essential tool for stimulating new private investment and economic development throughout Illinois.”

1401 TIF Districts in 97 Illinois Counties (2020)

- **425 (30%)**
in Cook County
- **188 (14%)**
in 5 Collar Counties
- **59 (4%)**
in 6 Downstate/Adjacent Counties
- **729 (52%)**
in 85 Downstate Counties



Notes

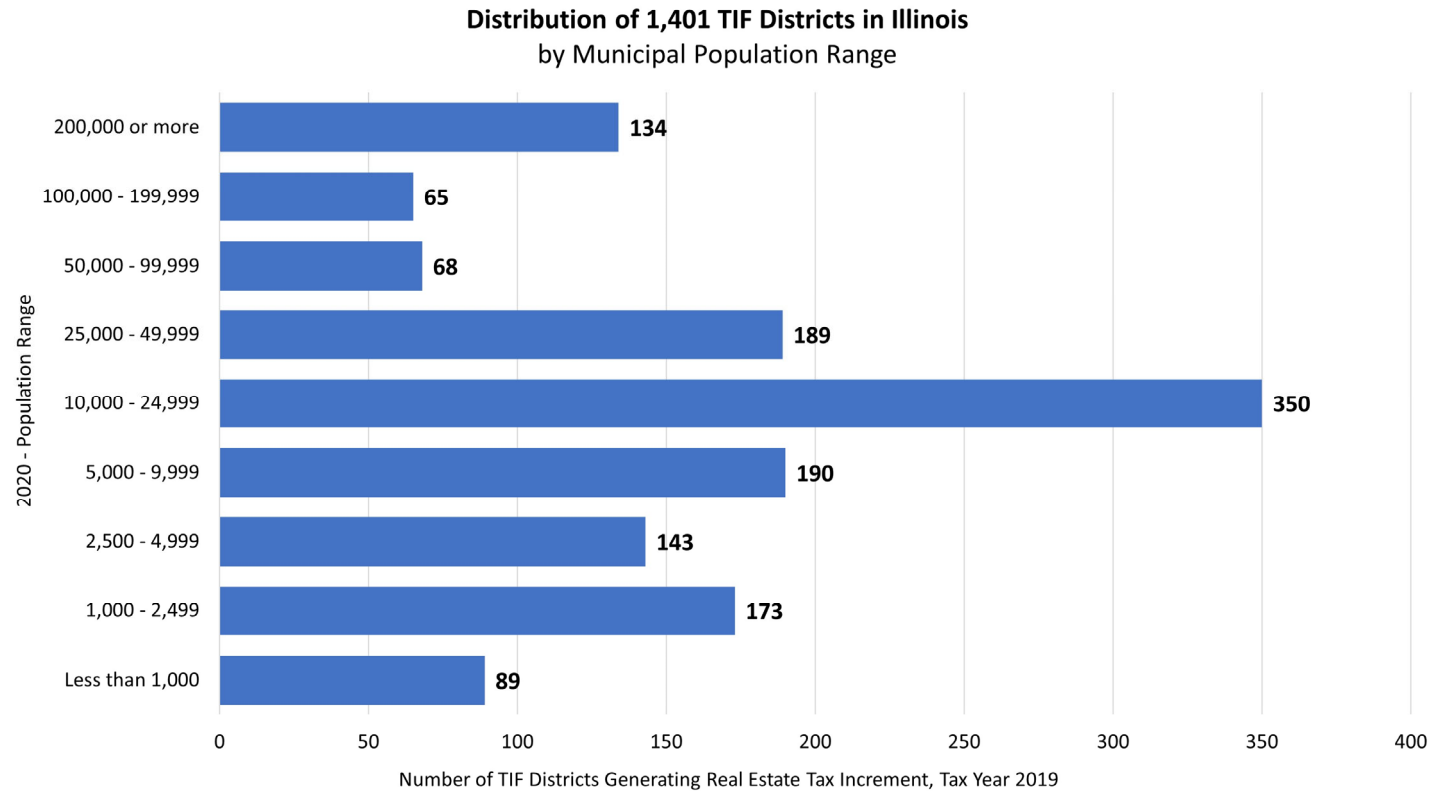
Data Source: Illinois Department of Revenue, Table 14A – Tax Increment Financing (TIF) Districts (re: municipalities reporting real estate tax increment during FY2021 / tax Year 2019 for real estate taxes payable in 2020).

Data Source: U.S. Bureau of the Census – 2020.

Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois (www.tifillinois.com).

TIF IN ILLINOIS

“Tax Increment Financing
is vital to
municipalities of
all population sizes.”



Notes

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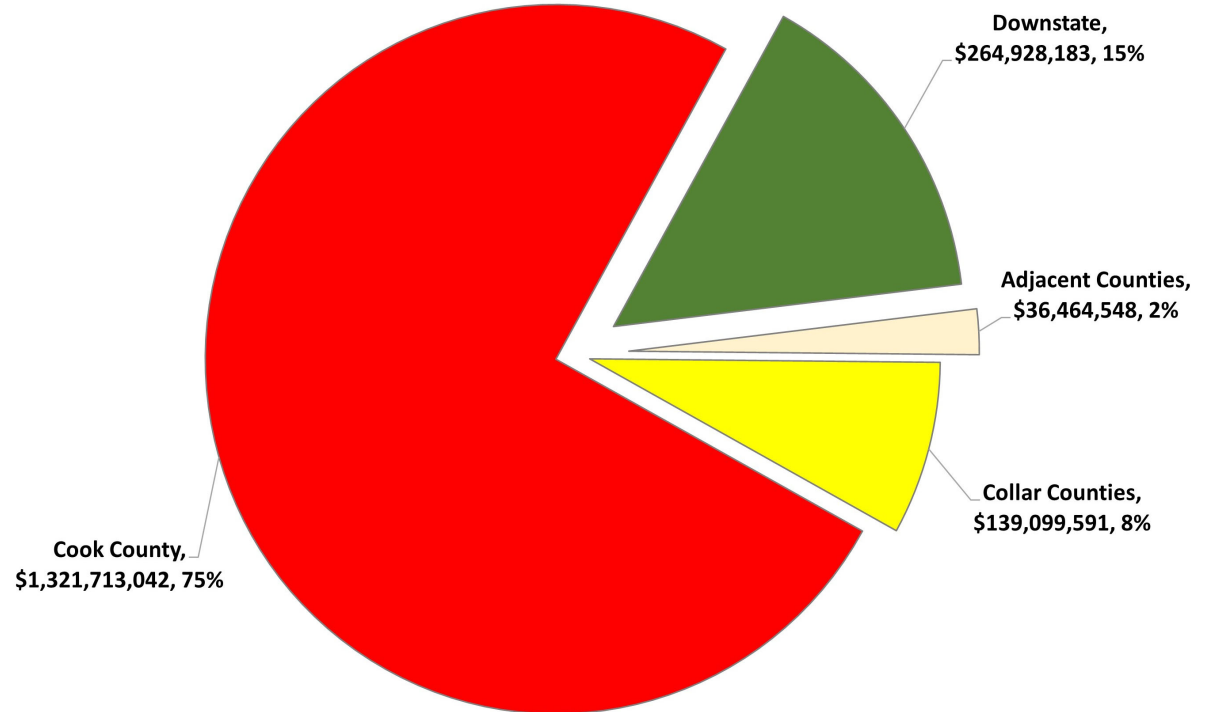
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“85% of
Real Estate Tax Increment
is generated by municipalities
located in Cook County & its
Collar & Adjacent Counties.”

“15% of
Real Estate Tax Increment
is generated by municipalities
located in 85
Downstate Counties.”

Total TIF Real Estate Tax Increment Generated In Illinois
Tax Year 2019



Notes

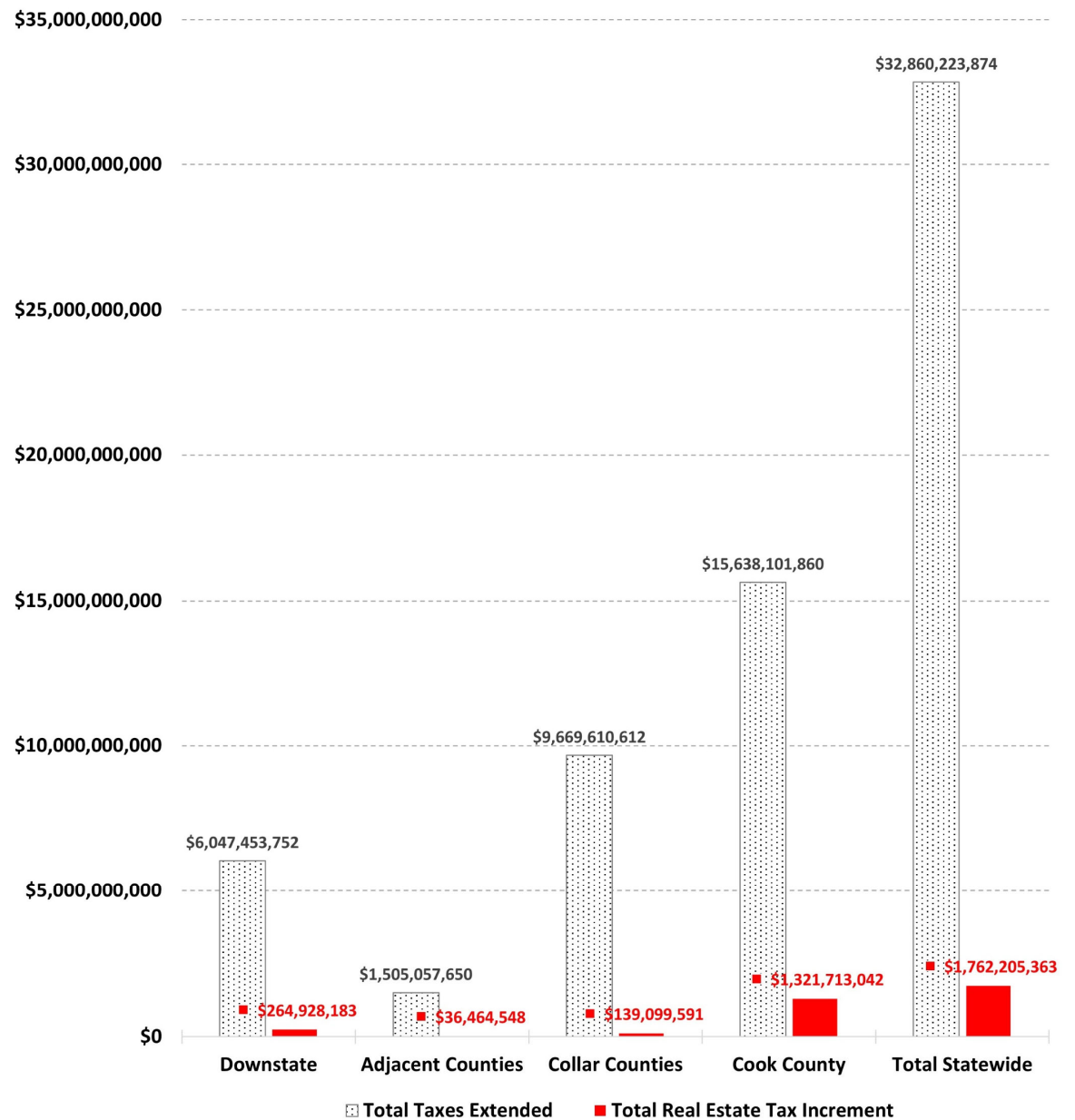
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TIF Real Estate Tax Increment as a Percentage of Total Taxes Extended for Tax Year 2019

- Statewide (5.4%)
- Cook County (8.5%)
- Collar Counties (1.4%)
- Adjacent Counties (2.4%)
- Downstate Counties (4.4%)

**TIF Real Estate Tax Increment in Illinois
as a Share of Total Taxes Extended by Region, Tax Year 2019**



Notes

Data Source: Illinois Department of Revenue, Table 14A – Tax Increment Financing (TIF) Districts (re: municipalities reporting real estate tax increment during FY2021 / tax Year 2019 for real estate taxes payable in 2020).

Data Source: Illinois Department of Revenue, Table 1 – 2019 Comparison of EAV and Taxes Extended, 2018 and 2019.

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"TIF Real Estate Tax Increment,

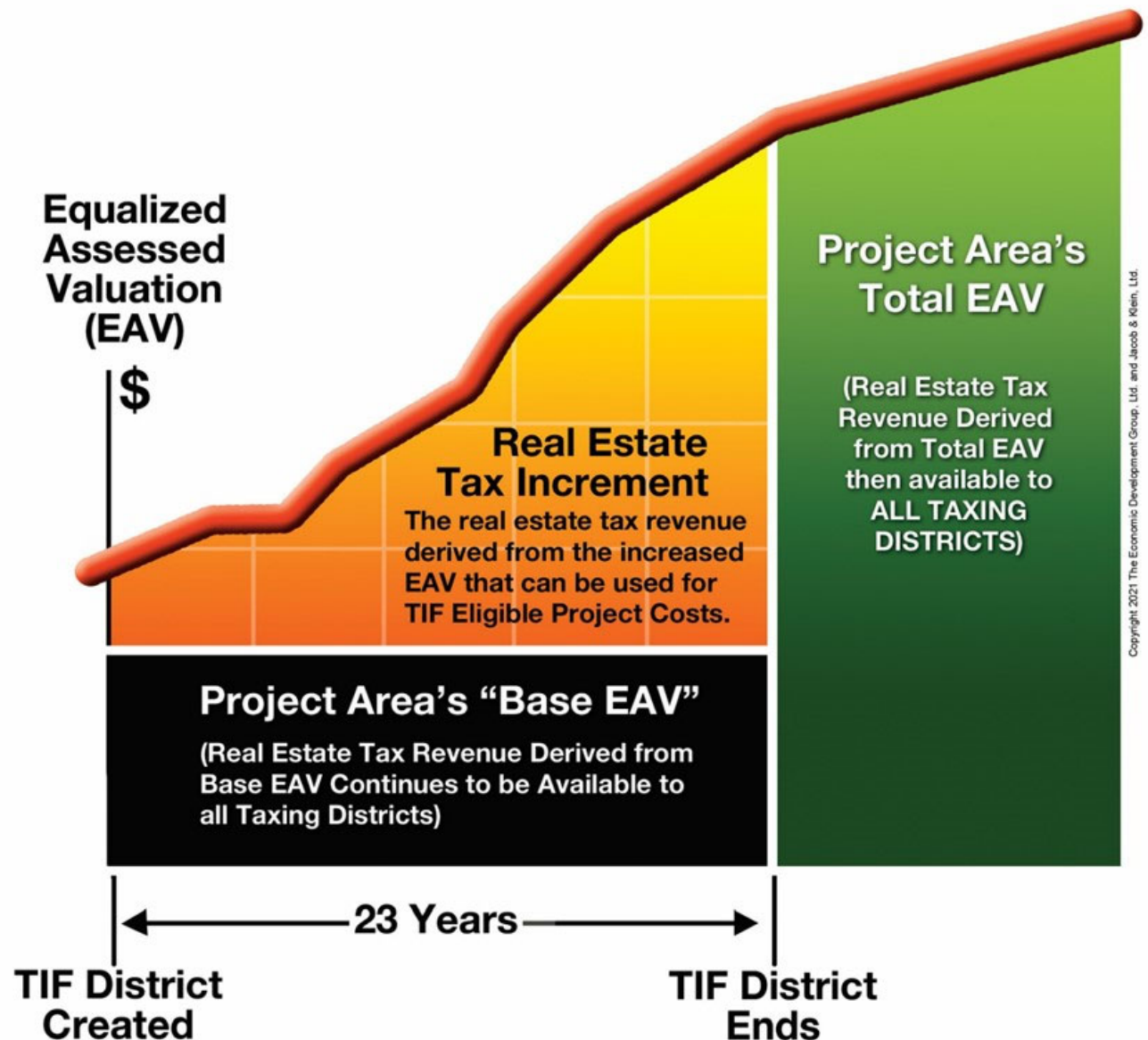
if any, is generated when annual assessed value in the redevelopment area rises above the equalized assessed value (EAV) of the property when the TIF District was established."

"Annual incremental

increases in EAV are multiplied by the total real estate tax rate."

"The County sends TIF Real Estate Tax Increment to

Municipality for deposit to a Special Tax Allocation Fund to pay for public and private TIF eligible project costs."



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“Real Estate Tax Increment
is used to reimburse
public and private
TIF eligible project costs.”

Types of TIF Eligible Project Costs

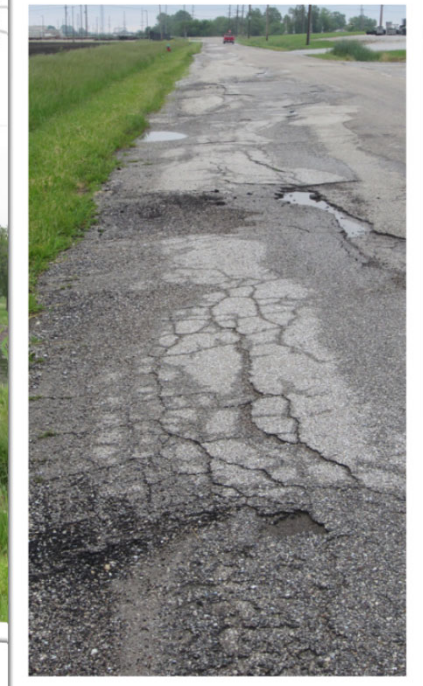
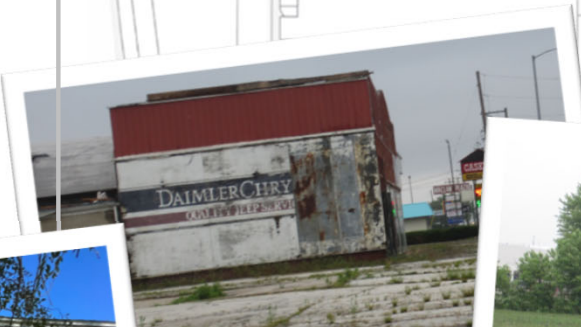
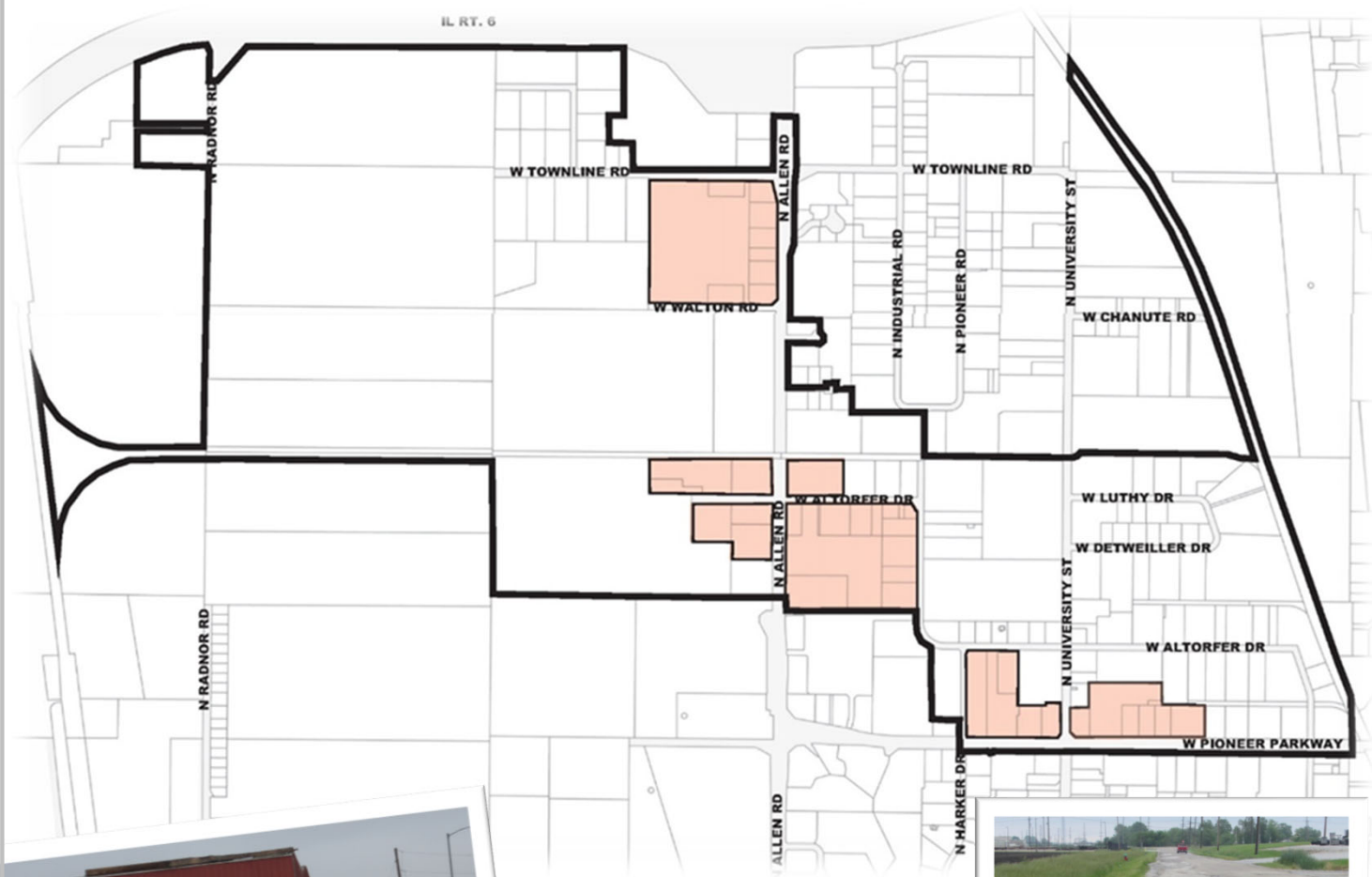
Pursuant to 65 ILCS 5/11-74.4-3(q)

- Studies, surveys, and other planning costs
- Professional services, such as architectural, engineering, accounting and legal fees
- Property assembly costs, including land & building acquisition, demolition and site preparation
- Rehabilitation, renovation & repairs to existing structures
- Marketing of vacant sites
- Affordable housing
- Financing costs
- Public costs, such as streets, sanitary sewer, water, stormwater facilities and reimbursements to other taxing bodies for capital expenditures that are in furtherance of the redevelopment plan

TIF IN ILLINOIS

“Tax Increment Financing stimulates new private investment within qualified redevelopment project areas.”

“TIF Areas must be contiguous & exhibit characteristics of deteriorated or blighting conditions to a meaningful extent which are distributed throughout the Area.”



It is OKAY to work with

OTHER TAXING BODIES

Myths and misconceptions have persisted over the years to suggest it is somehow inappropriate for municipalities to use TIF cooperatively with school districts and other units of local government. Those opinions are based on poor information.



Legal Authority

Several statutes help enable municipalities to mitigate impacts of TIF on other taxing bodies



Multiple Methods Available

Numerous approaches are already available for using TIF Funds to encourage cooperation among local stakeholders

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“Municipalities already have the legal authority to work with other taxing bodies to effectively use Tax Increment Financing.”



TIF Act: Reimburse Capital Costs

Section 5/11-74.4-3(q) of TIF Act: allows municipality to reimburse a taxing district's capital costs necessarily incurred within a taxing district that is in furtherance of the TIF Plan.



TIF Act: Make & Enter Into All Contracts

Section 5/11-74.4-4(b) of TIF Act: allows municipalities to enter into all contracts with property owners, developers, tenants, overlapping taxing districts & others necessary or incidental to the implementation of the TIF Plan.



Intergovernmental Cooperation Act

1970 Illinois Constitution (Article VII, Section 10) and Illinois Compiled Statutes, Ch. 5 Section 220/1 *et. seq.* encourages cooperation among municipalities, school districts, and other public bodies politic.

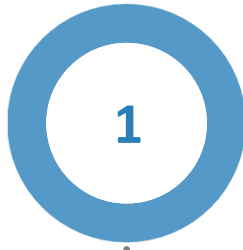


Expenses for Economic Development Act

Municipal Code Section 5/8-1-2.5: allows municipalities to appropriate and expend funds for economic development purposes, including without limitation for governmental entities or commercial enterprises that are deemed necessary or desirable for the promotion of economic development within the community.

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“There are multiple ways for municipalities and other taxing bodies to work together.”



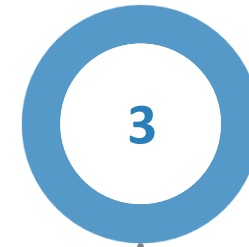
Design TIF Plan

Incorporate thoughtful impact analysis into TIF Plan and anticipate future assistance to taxing bodies



Count New Kids

Default method in TIF Act to reimburse schools a portion of TIF Funds for a “net increase” in student enrollment attributable to TIF



Pay Capital Costs

Design appropriate methods for determining annually reimbursing capital costs incurred or to be incurred in furtherance of TIF Plan



One-Time

Reimbursements

Capital cost reimbursement for a specific project or cost incurred or to be incurred in furtherance of TIF Plan



In-Kind Assistance

Municipality may use TIF Funds to repair or construct a public infrastructure within the TIF Area that may specifically benefit another taxing body



Return Bond Rate

Municipality may agree to return TIF increment derived from another taxing body’s bond (referendum) rate, so taxing body can then adjust annual bond levy accordingly



Payments

in Lieu of Taxes

Municipality pays estimated real estate tax on property acquired by municipality and used for private use



TIF Surplus Funds

Municipality may declare TIF Surplus Funds if such surplus funds exist or was anticipated when TIF District was established – Surplus Funds are returned to County for prorated redistribution to all affected taxing bodies

TIF IN ILLINOIS

“Tax Increment Financing may be the **most widely used** local government program for financing economic development in Illinois.”

- ✓ Most effective economic development tool for:
 - Improving deteriorated and blighted property conditions
 - Repairing inadequate public infrastructure
 - Stimulating new private investment
 - Revitalizing downtowns
 - Rehabilitating residential properties & neighborhoods
 - Redeveloping commercial and industrial properties for retaining and creating job opportunities
 - Expanding a stagnant real estate tax base
- ✓ Illinois Supreme Court in *Canton v. Crouch*, 79 Ill. 2d 356 (1980):

“Stimulation of economic growth and removal of economic stagnation are also objectives which enhance the public [good].”

