



MEMORANDUM

TO: Honorable Members of the TIF Reform Task Force

FROM: Richard Sgro
Director of Legislative Affairs

DATE: January 24, 2018

RE: TIF Reform Task Force Information

TIF Reporting Requirements:

1. Annual Report filed with the Comptroller's Office
Municipalities with established TIF districts are required to file a report with the Comptroller's office within 180 days of the end of its fiscal year. The attached TIF Report Instructions provides detail of what must be included by each municipality with a TIF. Submitted reports can be viewed on the Comptroller's website:
<http://warehouse.illinoiscomptroller.com/FilteredSearching.cfm?SearchType=TIFSearch>.
2. PTAX-251-TIF filed with the Department of Revenue
County Clerks are required to file the PTAX-251 form (see attachment) with the Department within 30 days after the date the collector's books are completed. The PTAX-251 first details the total amount of the tax increment (EAV) in the redevelopment area. The EAV is then broken down by tax codes and tax rates. The EAVs for each tax code are multiplied by the corresponding tax rate and summed to get the amount paid to the TIF special tax allocation fund. Finally, the initial EAV (frozen base value) is given.

This information is summarized in the statistics section of the Property Tax area on the Department's website (see link below). Table 14a summarizes the TIF data by county with the district name, the TIF increment value in the TIF district, the tax rate, and the corresponding Total District TIF Extension. The Department's latest data is from 2015.

<http://tax.illinois.gov/AboutIdor/TaxStats/PropertyTaxStats/2015/>

3. Status Report not required to be filed
Municipalities with established TIF districts must prepare a status report on each TIF district no later than 10 years after the municipality establishes such TIF districts (see Sec. 11-74.5-5). This requirement became effective in 2010, so there were a lot of TIFs that were already over 10 years old in existence then. It was unclear then and still is today, however, whether

or not these older TIFs had to comply. Notwithstanding these older TIF's, there have been many TIFs established since 2010, which are now close to having to have such status reports prepared. These reports are not required to be filed with any state agency. (Source ITIA)

Questions from 10/24 Task Force Meeting

- How many TIFs currently exist? Interested in both map and data set.
According to the Comptroller's website, there are approximately 1,405 TIF Districts in more than 522 municipalities. The following is a link to a list of TIF Districts as of August 20, 2016.

https://illinoiscomptroller.gov/comptroller/assets/File/MunicipalitiesWithTIFDistricts_August2016.pdf

For a map of TIF Districts, the attached document entitled TIF Maps contains links to county and municipal websites, which contain maps of their respective TIFs. The list is not exhaustive, as it appears some municipalities do not include this on their website.

- To what extent do communities start to allow taxing districts back in once the TIF is successful?
This data is not currently required to be reported. However, in general, it will vary from community to community. If a TIF is particularly successful (e.g., in terms of generating tax increment), the community may elect to accelerate the payoff of TIF obligations or declare a surplus. The latter is required by the TIF Act if available TIF funds are not needed to satisfy TIF payment obligations. The TIF Act also requires, as of fiscal year 2011, that communities include in their annual budgets, budgeted revenues and expenditures. (Source: ITIA)

That said, communities with larger TIFs tend to run the full term (23 or 35 years, if extended) without direct tax benefit to the affected taxing districts, unless an annual surplus declaration arrangement is worked out and tax increment is returned pro-rata back to said taxing districts. (Source: ITIA)

- What residential TIFs exist and in what kind of neighborhoods?
While TIF districts can be characterized by type, the Department has been unable to locate a list of TIF districts by type. The Annual Report required to be submitted to the Comptroller's Office does require municipalities to indicate the type(s) of projects within its TIFs; however, for TIFs with multiple projects of varying types, the designation may indicate "Combination/Mixed" making the specific nature of the TIF unclear. It is also important to note that some projects evolve over time, which may make a static characterization unreliable.

The following general characterization of residential TIFs has been provided by PGAV Architects: Downstate, residential TIFs or combination-use TIFs with a residential component tend to be for new construction. In PGAVs' experience, residential TIFs are not common downstate and where they are created, they are usually championed by the local school district(s) because of declining enrollments (for example, Dietrich and Newton in southeast IL). In smaller communities, TIFs with older residential

neighborhoods are not uncommon, but the focus tends to be on the commercial components of such TIFs. In larger communities such as Moline, Bloomington, Normal, Urbana and Champaign, TIF has been or will be used to assist in the redevelopment of obsolete properties, or renovation/retrofit of existing buildings into mixed use developments with a multi-family component. Some of these are for LIHTC tax credit housing for low to moderate income households, such as the Old Moline High School Lofts. Others are redevelopment of blighted sites into market rate apartments with commercial on the first floor. (Source: ITIA)

Additionally, the attached document entitled Residential TIF Summary provides some additional insight into residential TIF projects in the state.

- What happens after TIFs are over? Do businesses move to another TIF?
After a TIF is completed, it is dissolved and the TIF EAV increment becomes “rate setting” or “taxable” EAV for each affected taxing district.

As it is not required to be reported, it is unknown to what extent businesses move to another TIF when a TIF terminates.

Part of the 1999 TIF reform legislation added a retail business anti-poaching provision (see Sec. 11-74.4-3 (q) (13)). This provision has caveats that would permit such business relocations under certain circumstances. The only known instance of a business potentially relocating as a result of TIF was identified when the Village of East Dundee sued Carpentersville for poaching a Walmart. The court ruled, however, in favor of Carpentersville on the basis that the statute provided no guidance on the penalty to be imposed for poaching. (Source: ITIA)

- What TIFs have expired and how long did they last?
The above linked report on the Comptroller’s website provides a list of TIFs, including those that have terminated. It is reported that 39 TIFs have terminated as of August 2016.