

Tax Increment Financing "TIF"

TIF Revenues are generated from real property tax "increment" paid by property owners within the TIF. When the TIF is adopted, the equalized assessed value (EAV) of each parcel of property within the TIF boundary is established by the County as the "base value".

As (re)development occurs within the TIF, the EAV of property in the TIF increases above the base value. The property taxes paid on this increase in value (the "TIF revenue") are collected by the County and deposited into a special fund maintained by the municipality, for use within the TIF.

Each taxing district continues to receive property taxes based on its tax rate on the base value. The increase in EAV over the base value creates the "increment" for the TIF.

TIF Revenue can be used to help fund a number of eligible private and public project costs, including, but not limited to:

- (i) property assembly and land acquisition;
- (ii) site preparation, demolition, clearance, grading;
- (iii) "soft costs" (legal, consulting, engineering, etc.);
- (iv) financing costs, including interest;
- (v) installation, repair or reconstruction of public works or improvements; and,
- (vi) rehabilitation, repair and remodeling of existing buildings and structures.

A TIF can remain in place for up to 23/35 years (23/35 years of TIF revenue); TIF revenues can be moved between abutting TIFs.

Business District

Business District Revenues are generated through the imposition of an additional sales tax, at a rate of up to 1.0% (in 0.25% increments), on most retail and restaurant sales occurring within the Business District. Business District tax is not imposed on grocery items, pharmaceuticals or tangible personal property titled or registered with the State of Illinois (e.g. automobiles).

The City may also impose an additional hotel/motel tax at a rate of up to 1.0% (in 0.25% increments) on the cost of room rentals within the Business District.

Revenue generated from the Business District can be used to help fund a number of private and public project costs, including, but not limited to:

- (i) property assembly and land acquisition;
- (ii) site preparation, demolition, clearance, grading;
- (iii) "soft costs" (legal, consulting, engineering, etc.);
- (iv) financing costs, including interest;
- (v) installation, repair or reconstruction of public works or improvements;
- (vi) rehabilitation, repair and remodeling of existing buildings and facades; and,
- (vii) construction of a new, privately-owned building (not permissible with TIF revenues).

A Business District can remain in place for up to 23 years.

Benefits from all three programs may be used, together, on an individual project.

Enterprise Zone

An Enterprise Zone is a geographic area of the State of Illinois certified by the Illinois Department of Commerce and Economic Opportunity (DCEO) as an "Enterprise Zone", pursuant to the Illinois Enterprise Zone Act.

Several tax incentives are available within the boundary of an Enterprise Zone. These include:

- (i) Sales Tax Abatement on Building Materials: Abatement of sales taxes on building materials purchased in Illinois that will be incorporated into buildings within the Enterprise Zone
- (ii) Property Tax Abatement: Abatement, for a set period of time, of a portion of a property's increased real property taxes that are generated by development or redevelopment
- (iii) Investment Tax Credit: 0.5% credit against State income tax for investment made in "qualified property" in the Enterprise Zone
- (iv) Utility Tax Exemption: For a project which generates "high investment" and a large number of jobs, Enterprise Zone offers a 5.0% state tax exemption on gas and electricity (including ICC administration charges) consumed by such business in the Enterprise Zone

Properties located within a TIF are not eligible for the Property Tax Abatement incentive offered in the Enterprise Zone, but all other Enterprise Zone incentives may still be provided.