



TIF Districts in Illinois

**How many and
where are they?**

**How does it
work?**

Why is it vital?

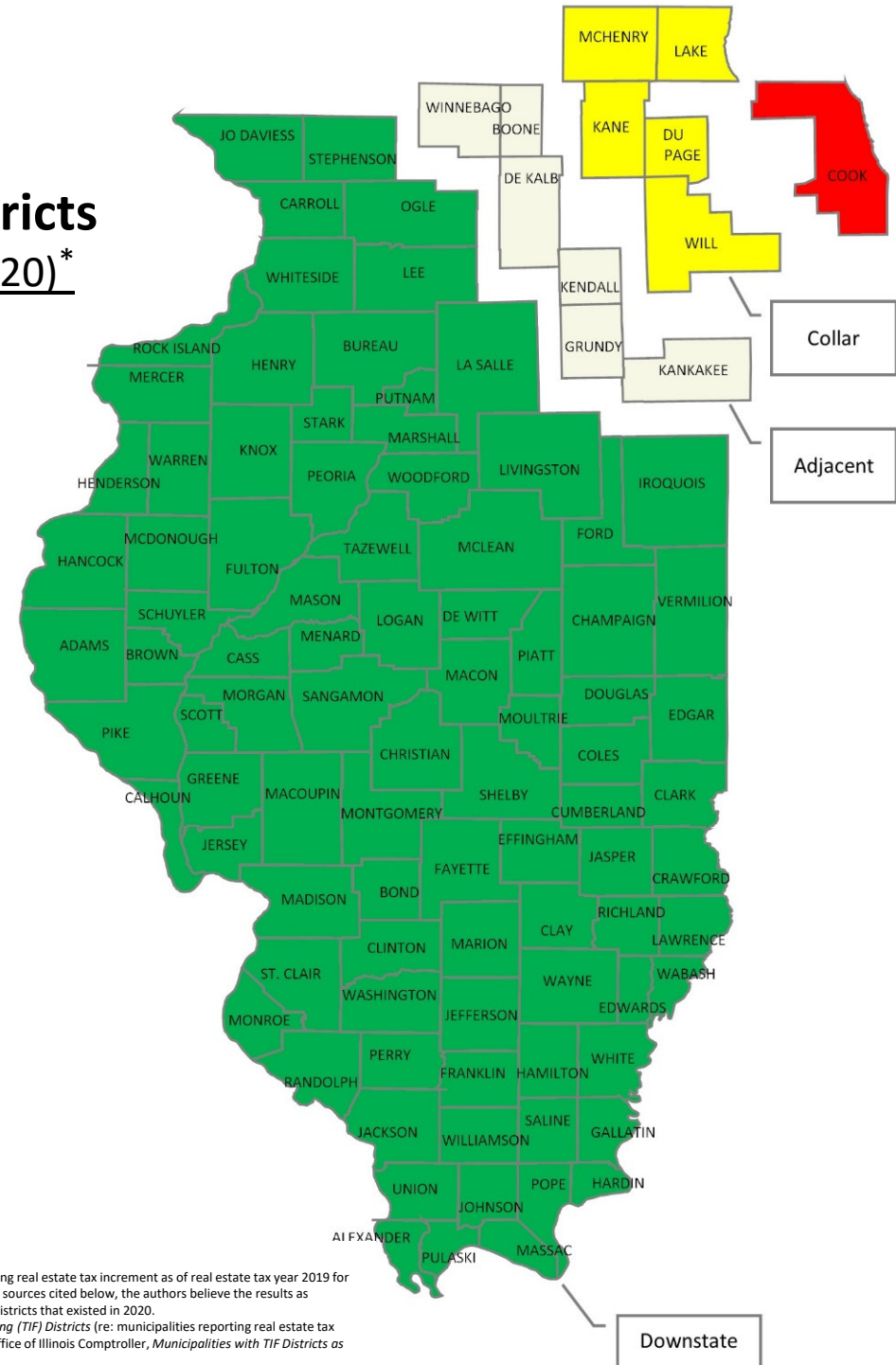
Updated 6/7/2023

TIF DISTRICTS IN ILLINOIS

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

1401 Active TIF Districts in 97 Illinois Counties (2020)*

- **425 (30%)**
in Cook County, of which 134 in City of Chicago
- **188 (14%)**
in 5 Collar Counties
- **59 (4%)**
in 6 Downstate/Adjacent Counties
- **729 (52%)**
in 85 Downstate Counties



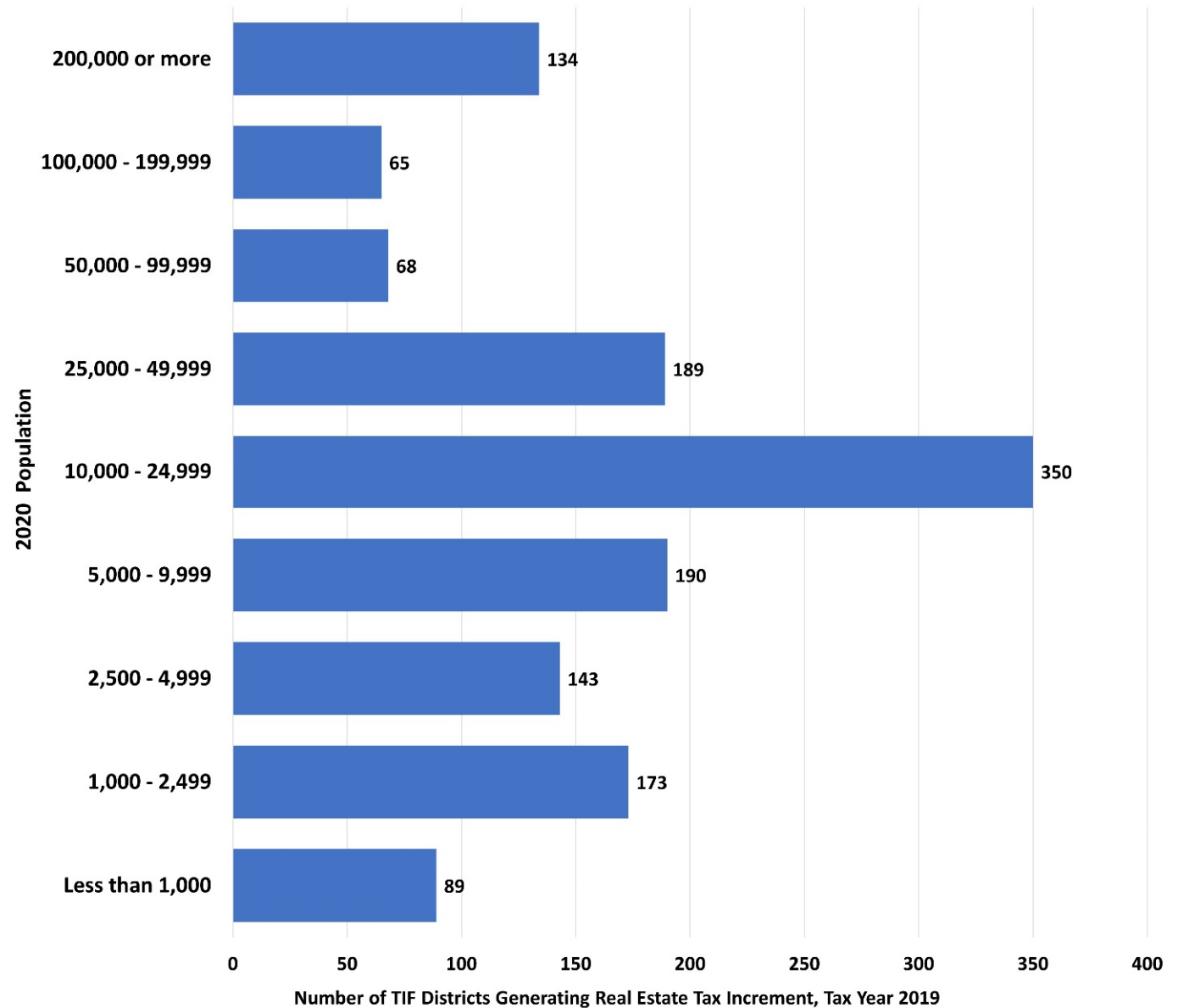
Notes

* For this analysis, active TIF Districts are defined as those believed to be generating real estate tax increment as of real estate tax year 2019 for taxes payable in 2020. Although variation in total count was reported by the data sources cited below, the authors believe the results as compiled herein represent a reasonable estimate of the relative numbers of TIF Districts that existed in 2020.
 Data Sources: 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); Office of Illinois Comptroller, *Municipalities with TIF Districts as of August 26, 2020*.
 Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois (www.tifillinois.com).

TIF DISTRICTS IN ILLINOIS

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

Distribution of 1,401 TIF Districts in Illinois by Municipal Population Range in 2020



Notes

Data Sources: 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); Office of Illinois Comptroller, *Municipalities with TIF Districts as of August 26, 2020*; U.S. Bureau of the Census – 2020. Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois (www.tifillinois.com).

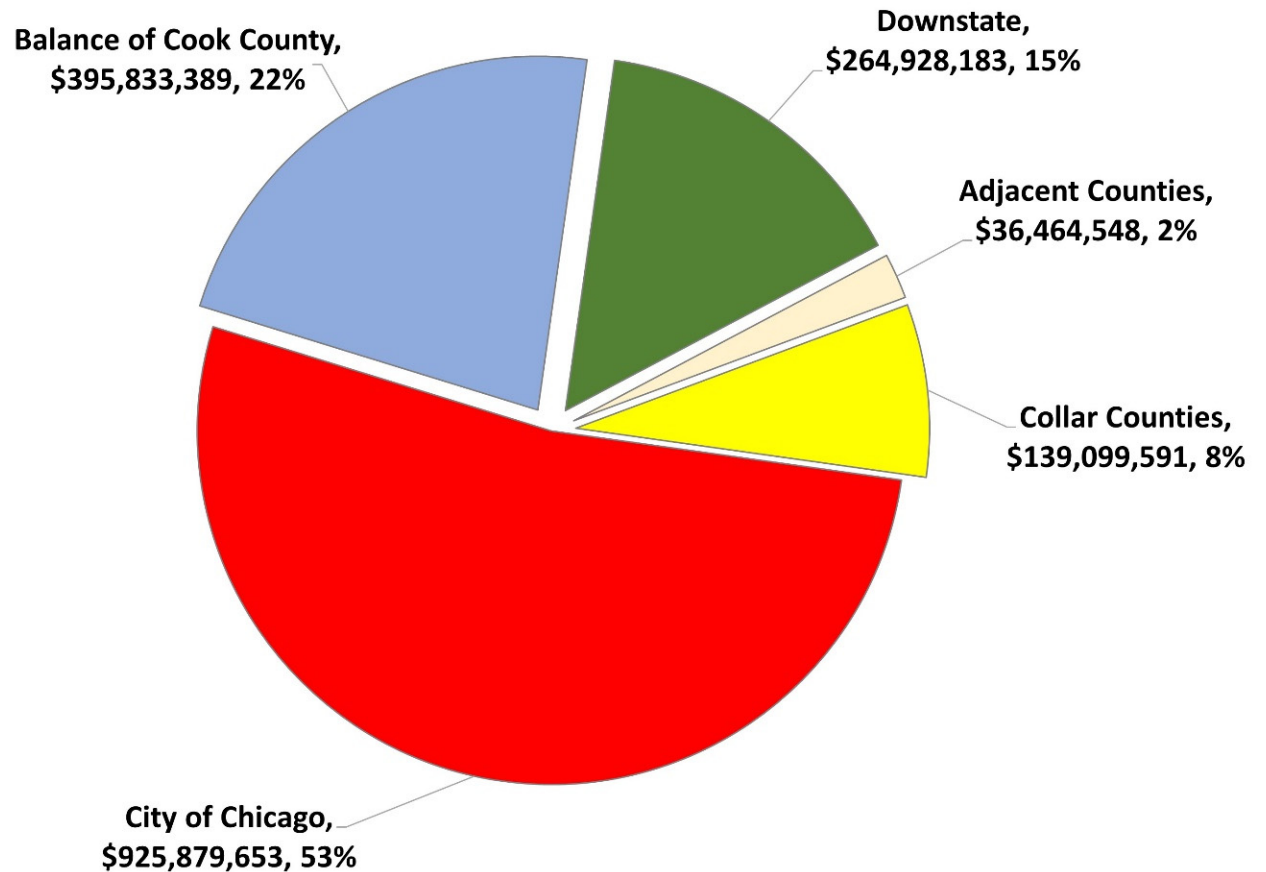
TIF DISTRICTS IN ILLINOIS

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

“53% of Real Estate Tax Increment was generated within the City of Chicago.”

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

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



Notes

For this analysis, active TIF Districts are defined as those believed to be generating real estate tax increment as of real estate tax year 2019 for taxes payable in 2020. Although variation in total count was reported by the data sources cited below, the authors believe the results as compiled herein represent a reasonable estimate of the relative numbers of TIF Districts by region, as well as a reasonable estimate of total real estate tax increment reported for tax year 2019. Data Sources: 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); Office of Cook County Clerk, *Abstract of Valuations, Levies, Tax Rates, and Tax Extensions, Tax Year 2019*. Summary analysis compiled by The Economic Development Group, Ltd., 1701 Clearwater Ave., Bloomington, Illinois (www.tifillinois.com).

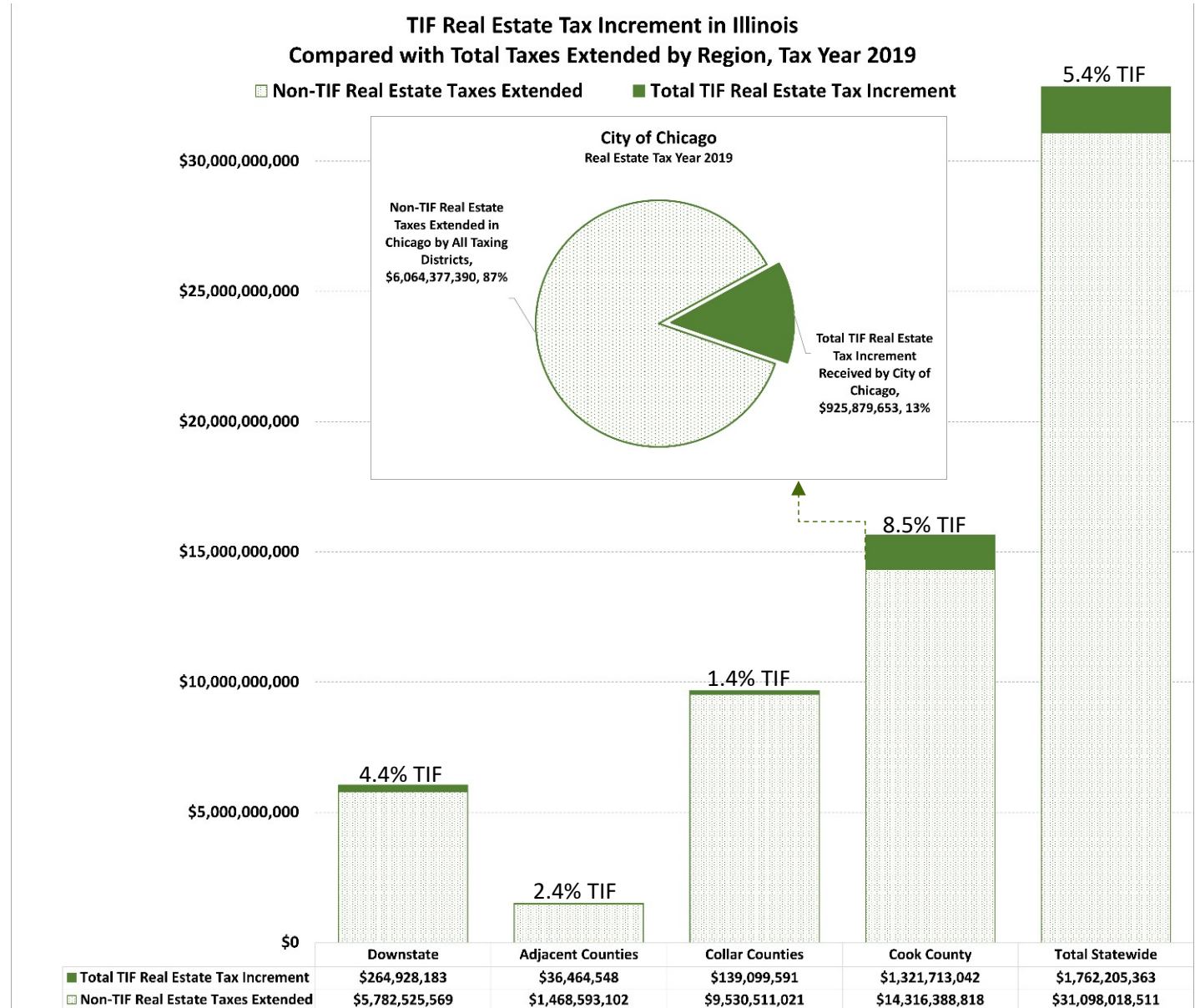
TIF DISTRICTS IN ILLINOIS

When combining TIF and Total Real Estate Taxes Extended for tax year 2019...

“TIF accounted for just **5.4%** of Statewide Real Estate Tax Revenue for tax year 2019.”

“**13%** of Total Real Estate Tax Revenue received by Chicago was TIF Increment.”

“TIF accounted for just **4.4%** of total Real Estate Tax Revenue Downtstate.”



Notes

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TIF DISTRICTS IN ILLINOIS

“TIF Real Estate Tax Increment,

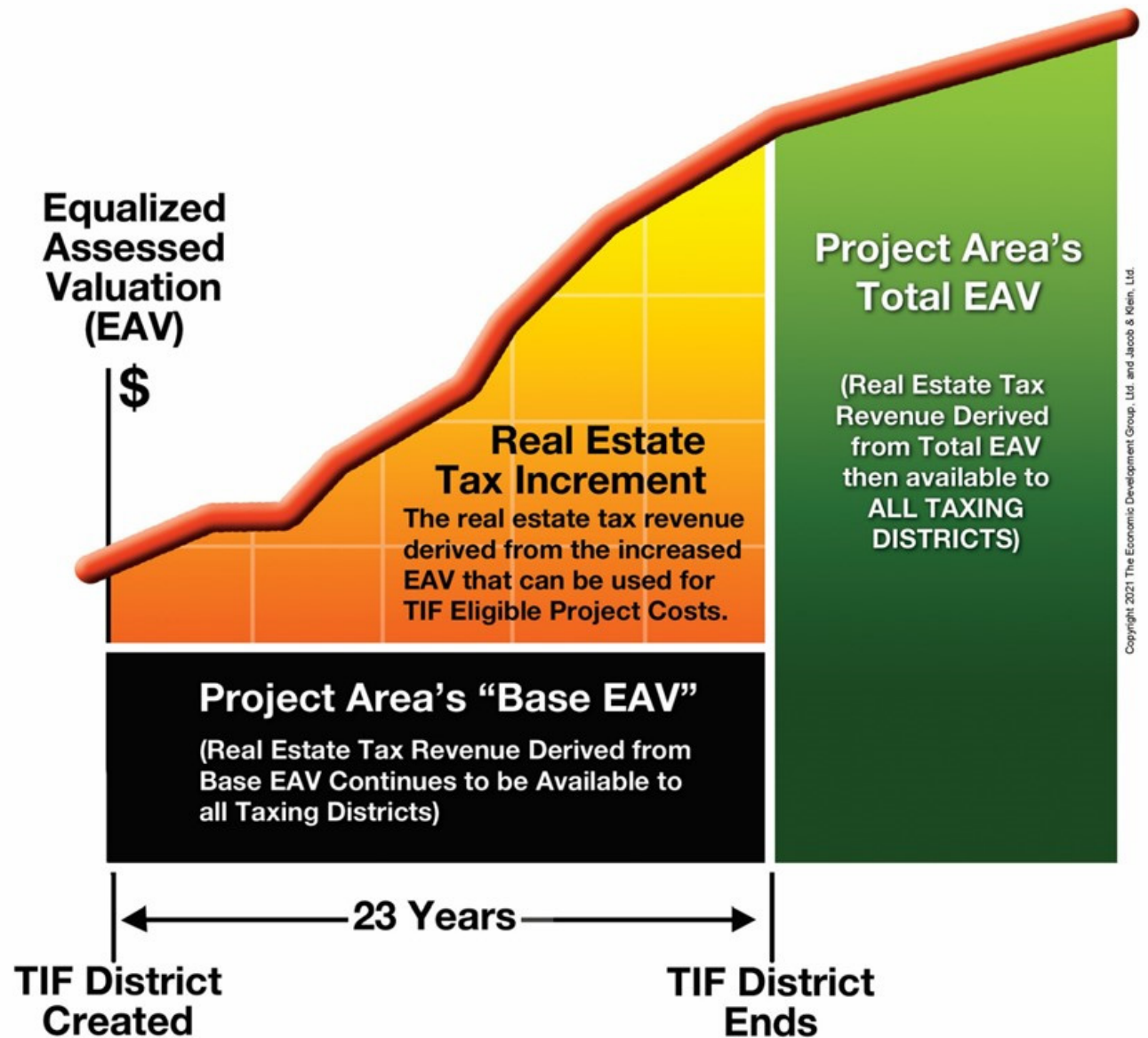
if any, is generated when annual assessed value in the redevelopment area rises above the equalized assessed value (EAV) of the property when the TIF District was established.”

“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.”



TIF DISTRICTS IN ILLINOIS

Types of TIF Eligible Project Costs

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

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

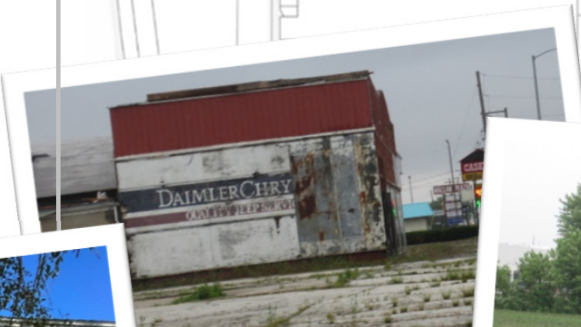
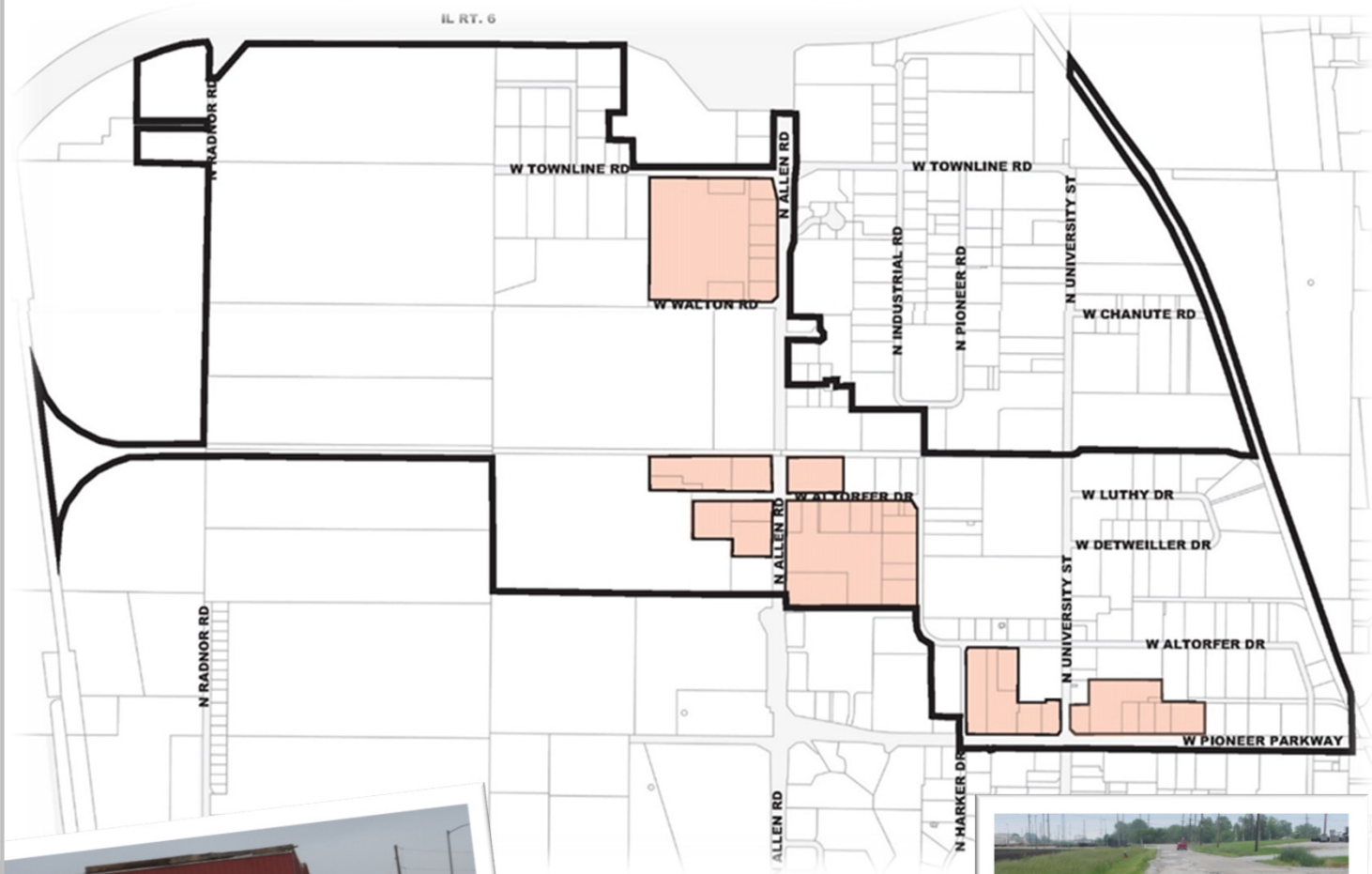
- Studies, surveys, and other planning costs
- Professional services, such as architectural, engineering, accounting and legal fees
- Property assembly costs, including land & building acquisition, demolition and site preparation
- Rehabilitation, renovation & repairs to existing structures
- Marketing 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 DISTRICTS 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

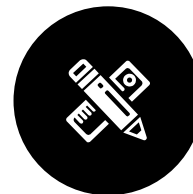
OTHER TAXING BODIES

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

TIF DISTRICTS IN ILLINOIS

“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.

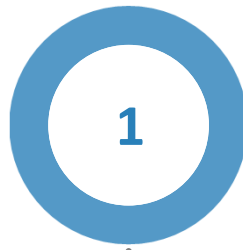


Expenses for Economic Development Act

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.

TIF DISTRICTS IN ILLINOIS

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



1

Design TIF Plan

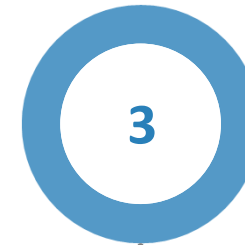
Incorporate thoughtful impact analysis into TIF Plan and anticipate future assistance to taxing bodies



2

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



3

Pay Capital Costs

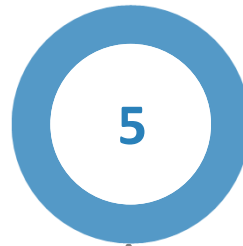
Design appropriate methods for determining annually reimbursing capital costs incurred or to be incurred in furtherance of TIF Plan



4

One-Time Reimbursements

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



5

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



6

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



7

Payments in Lieu of Taxes

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



8

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 DISTRICTS 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].”



TIF DISTRICTS IN ILLINOIS

This material was prepared for discussion and educational purposes only by Jacob & Klein, Ltd. and The Economic Development Group, Ltd., in consultation with SB Friedman Development Advisors, and at the direction of the Illinois Municipal League (IML) Municipal Managers Committee:

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