

TO: Illinois Tax Increment Association

FROM: Peter Raphael & Brent Sprunger

DATE: April 27, 2021

RE: SB 2298

Senate Bill 2298, if adopted, would decrease the completion date of a redevelopment project to 10 years after the ordinance is adopted. This term limitation would significantly impact the ability to leverage the future generation of incremental taxes to pay for redevelopment project costs.

In a typical redevelopment, the commencement of the project would start the year following the adoption of the ordinance forming the TIF and approving the Plan. Construction for most developments will last 18-24 months. The redevelopment project would then be assessed in the third year and the incremental taxes collected in the fourth year. As you can see the Village is now in the fourth year of the ten year limited term.

The six remaining years would be a 65% reduction over the current statutory term resulting in approximately 65% less dollars available for the redevelopment project. Essentially this would render the Tax Increment Allocation Redevelopment Act worthless for nearly all larger and complicated redevelopment projects.

In addition, Illinois municipalities already lose a significant amount of TIF increment for redevelopment projects which include housing buildouts due to the 40% dedicated increment allocated to the local school district. Leaving six years of 60% of available TIF increment would cripple important workforce housing and affordable housing project redevelopment.