

Southwestern Illinois Council of Mayors

St Clair, Madison, Monroe, Jersey and Surrounding Counties

February 15, 2022

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Honorable
Senator, ___th District
Street/Building
Springfield, IL 62706

Dear Senator :

RE: Tax Increment Allocation Redevelopment Act

On behalf of some 65 municipalities in Southwestern Illinois, I respectfully request that you oppose SB 2298 and Senate Floor Amendment 2 (SFA 2), which amend and alter the effectiveness of the Tax Increment Allocation Redevelopment Act (TIF).

TIF has enabled cities to successfully and effectively introduce economic development to blighted areas and attract developers and businesses where there were none before. It increases the tax base, provides jobs, and enables economic turnaround. Yet every year, cities must also track myriad legislation amending the act, often to the detriment of a TIF's effectiveness and a city's ability to manage.

It is important to note that when a TIF district is created, the Equalized Assessed Valuation (EAV) at its initial designation is set so that property taxes collected on that amount continue to be distributed to school districts and other taxing districts in the same manner as if the district did not exist. Other taxing bodies are involved in the review and design of plans for redevelopment prior to a city's enacting an ordinance, and ultimately all benefit from increased revenues without having to do the work incumbent upon the city in terms of creating the district, calculating metrics, borrowing, collecting, reporting, marketing, accounting, administration, etc.

SB2298 (including amendments) makes substantial changes to the TIF Act that would significantly shorten the life of a TIF district. If a city uses bonding authority to invest necessary capital into the area, a reduction from 23 to 10 years on a TIF's timeline will prevent adequate return on investment to repay bonds, and the ability to plan for long term projects.

SB2298 also adds factors that determine blight, such as unemployment and poverty rates. Most TIF districts are created in commercial and industrial areas with minimal residential space. As the pandemic has shown, unemployment rates can be skewed, and family poverty rates are incompatible with TIF creation.

SB2298 requires distribution of surplus funds within 90 days after a municipality's fiscal year and prohibits overlapping redevelopment districts. As the Illinois Municipal League points out, such provisions create statewide standards on what are local agreements based on diverse local conditions. Additionally, if the city encounters unanticipated needs,



a lack of a fund balance will prevent the city from meeting necessary obligations. Funds must be kept on hand, and need to be available across TIFs.

SB2298 purportedly increases transparency concerning the TIF process and use of public dollars, but in practice would inhibit flexibility in creating and sustaining economic development, prevent adequate return on investment, and impair the ability to make long-range plans.

Thank you for your time and attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Kupsky", with a long horizontal flourish extending to the right.

Mark Kupsky, President
Mayor, Fairview Heights

