

SB 1391 (Gillespie) TIF Reform Bill

Distributing Surplus

- Requires municipalities to distribute surplus funds as soon as possible.
 - This language comes from SB 1304 (Murphy)
- Requires funds earmarked for redevelopment project costs to be spent within the next 5 fiscal years, or else be declared surplus funds and be allocated to all taxing bodies accordingly.
- Clarifies that the rising value of property within a TIF district caused by inflation should not be included as part of the increment and rather treated as part of the base to be allocated to all taxing bodies accordingly.
 - This increase in property value would have occurred without the TIF. TIF increment by definition is supposed to come from projects that would not exist “but for” the TIF in order to keep other taxing bodies from being harmed. Removing value from inflation is consistent with this original intent of TIFs.

Approving Extensions

The General Assembly has had a longstanding norm where no TIF extension is approved without unanimous approval of the members of the Joint Review Board. SB 1391 codifies this arrangement and ensures that actions akin to extensions also require approval of the JRB.

- All JRB members must agree to an extension
- All JRB members must agree to a TIF overlapping an existing TIF (overlapping effectively extends the original TIF)
- All JRB members must agree to transfer of surplus funds to another TIF (transfer effectively locks any surplus from the original TIF for the period of the second TIF)
- Extensions are limited to one extension of up to 10 years. The initial term of a TIF remains at 23 years.

Additional Changes

- The plan to allocate funds for redevelopment project costs must include the JRB.
- Local chambers of commerce and township highway commissioners are added to the JRB as nonvoting members.
- Municipalities are encouraged to allocate funds to small businesses.

Supporting Organizations

IFT, IEA, Ill. Assoc. of School Boards, Ill. Assoc. of School Administrators, Ill. Assoc. of School Business Officials, Metropolitan Planning Council