

Implementing New or Amended TIF Administrative Requirements

The TIF Reforms of 1999, effective November 1, 1999, impose many new accountability responsibilities on municipalities operating TIFs in Illinois. To minimize your difficulty in complying with some of these new requirements, ITIA has developed some model ordinances, rules and forms that we hope you will find useful in satisfying some of them.

Interested Persons Registry

The 1999 Reforms require all TIF municipalities to create a system for registering residents and "organizations active within the municipality" that are interested in one or more of the municipality's tax increment districts and notifying them of certain TIF establishment and amendment actions and the availability of key TIF documents and annual reports associated with housing TIFs.

In order to implement this requirement each TIF municipality must establish reasonable rules and regulations and registration forms. Although the statute does not set a deadline for each municipality to create this system, it would be prudent for municipalities to consider how they will satisfy this new requirement now so that the requirement does not impair TIF operations when the registry must first be used. View our model [Interested Persons Registry Ordinance](#), rules and regulations, publication notice and registration forms for some ideas about how you might begin satisfying these requirements. These documents are based upon the path-breaking work performed the staff of the City of Chicago, which has already adopted their interested persons registry ordinance, issued their rules and will soon be publishing notice of the availability of their registries.

The language of the statute would appear to require that a registry be established for each existing TIF and that a new one be created early in the process of establishing any new TIFs. The use of the interested persons registry differs for new and existing TIFs and for housing and non-housing TIFs. A housing TIF is one that would displace residents from 10 or more inhabited residential units or that contains 75 or more inhabited residential units.

After the municipality has adopted its interested persons registry rules and regulations, the statute requires the municipality to publish a notice in a newspaper of general circulation within the municipality that interested persons and organizations active within the municipality may register with the municipality in order to receive the required notices and information regarding each TIF in which they have an interest. The notice shall state the place of registration and the operating hours of that place. For new TIFs this notice must be published early enough so that residents and organizations have a reasonable amount of time to register before the municipality is required to send the first notice in the TIF establishment process.

Increased Access to the Last Year Increment

Except for TIFs that you know you will terminate prior to its statutory termination date - 23 years from the date of establishment for most TIFs and 35 years from that date for those that have been legislatively extended - you may want to adopt an ordinance now ensuring that you will receive the tax increment resulting from the property taxes levied in the last year of the TIF.

The benefit you will derive by adopting such an ordinance prior to the TIFs expiration date was explained by Jeff Arnold of Piper Marbury Rudnick & Wolfe in the Fall 1999 ITIA Newsletter as follows: "One of the historic problems with the TIF Act was the inability to capture and use increment generated in the last year of existence of a redevelopment project area. This problem arises because Illinois real property taxes are collected in arrears, so the increment that is produced by the increased equalized assessed valuation of the property within a redevelopment project area during the twenty-third year of the area's existence (assuming a TIF district with a full twenty-three year life) would not be paid until the twenty-fourth year. However, since the TIF Act required that the redevelopment plan provide for a completion date for the TIF of not more than twenty-three years after the date of adoption of the ordinance approving the redevelopment plan, this increment could never be used for redevelopment project costs or debt service on TIF obligations. And, because increment in later years is likely the greatest during the life of the TIF district, this situation caused a significant loss in funds for TIF projects."

One of ITIA's legislative goals during the TIF Reform process was to cure this problem and to provide authority for municipalities to extend the life of TIF bonds and other obligations until the later TIF termination date. Thus the 1999 TIF Reforms include provisions that automatically fix this problem for new TIF districts and provide an efficient mechanism for fixing it for existing districts. To extend the life of existing TIFs so that the last year's increment is received the municipality must adopt an ordinance amending its existing redevelopment plan to change the completion date to conform with the provisions of the amended TIF law. The 1999 Reforms provide that this may be done without the need for a Joint Review Board meeting, a public hearing or notice or any of the other steps associated with an amendment to a redevelopment plan.

Jeff Arnold, of Piper Marbury Rudnick & Wolfe and a member of ITIA's Legislative Advisory Committee, was the principal draftsman of these new statutory provisions. At our request Jeff has drafted a model "[last year increment ordinance](#)" that may be useful to you if you decide to take advantage of this change in the law. The model ordinance must be expanded if your TIF has or will have bonds or other obligations outstanding that might be refunded to take advantage of the additional tax increment resulting from the later termination date afforded by this statutory change.