



Village of Sugar Grove

10 S. Municipal Drive, Sugar Grove, Illinois 60554-6293

Tax Increment Financing (TIF) Community Conversation April 23, 2019 - FAQ

The following is a summary of the most frequently asked questions at the TIF Community Conversation.

How is a TIF established?

Illinois TIF law specifies a number of requirements that must be satisfied for an area to qualify as a TIF district:

1. Identify the district and the physical and economic deficiencies that need to be cured.
2. Develop a Redevelopment Plan.
3. Convene a joint review board made up of representatives from local taxing bodies to review the plan.
4. Hold a Public Hearing before the Village Board where residents and other interested parties can express their thoughts on the subject.
5. Bring the proposal before the Village Board for consideration.
6. If approved, adopt an ordinance establishing the TIF.

What is the “but for” test?

When considering an area for TIF designation, municipal officials must ask the question, “Will significant investment occur in the redevelopment area without an incentive?” In order to designate the area as a TIF district, the answer to this question must be “No, BUT FOR the incentive provided by TIF, development would not occur in the designated area.” This means that area-wide improvements needed to redevelop and revitalize the redevelopment area are extensive and costly, and the private market, on its own, has shown little ability to absorb these costs. Public resources to assist with site preparation and public infrastructure improvements are needed to leverage private investment and facilitate area-wide redevelopment. In these situations, TIF funds can be used to support building rehabilitation, utility and infrastructure improvements, site assembly and preparation, and environmental remediation. Evidence that the district satisfies the “but for” test is provided in the Redevelopment Plan.

How does a Redevelopment Plan get developed?

A Redevelopment Plan is an assessment of an area in need of economic assistance and demonstrates why the area needs to be redeveloped and how the municipality plans to revitalize the area. Illinois law requires review by the major overlapping local taxing bodies and a public hearing on the Redevelopment Plan prior to TIF designation. The Plan must be made available for public review and inspection at least 45 days prior to the public hearing.

A Redevelopment Plan includes the following elements:

- A description of the boundaries of the district recommended for redevelopment.

- A discussion of why the area needs redevelopment.
- Documentation as to how the area satisfies the “but for” requirement.
- Redevelopment goals and objectives for the area.
- An explanation of how the land in the proposed TIF district will be used.
- A budget for the life of the TIF district, including the total TIF-eligible costs of the plan.
- An evaluation of the fiscal and programmatic impact on the overlapping taxing bodies.
- A description of the process to amend the plan.
- A statement of conformance with the municipality’s comprehensive plan.
- A timetable for redevelopment of the area.

How long is the area designated as a TIF district?

A TIF district exists for a maximum of 23 years, however, the length of time is negotiable and can be established for a shorter length of time. There is the possibility of renewal for an additional twelve years upon approval by the General Assembly. Municipalities seeking extensions must provide documentation of the need for the time extension and an indication of support from overlying governments in support of the extension. Under current rules in the Illinois House, all local governmental bodies involved in the TIF process must consent to such an extension.

What opportunities are there for public input throughout the TIF process?

- Before a TIF district is created, the Redevelopment Plan must be available for public review at least 45 days prior to the public hearing.
- The Public Hearing on the Redevelopment Plan before the Village Board offers the community an opportunity to raise questions and voice their concerns about the proposed redevelopment. The date and time of the Public Hearing is set by ordinance by the Village Board.
- The public may also comment during the Village Board meeting when the ordinance establishing the TIF is considered.
- A member from the community, representing the public, serves on the Joint Review Board along with representatives of the major taxing bodies overlapping the TIF.
- A registry of interested residents and organizations must be created for each TIF, and a notice of important TIF activities shall be sent to those registered.
- Annual reports are required for each TIF and in Sugar Grove are posted to the Village’s website.

What are the benefits of TIF districts?

TIF Districts create short and long term benefits for communities. These benefits include:

- Providing development incentives requiring no tax increases. Properties are assessed and taxed the same way as in non-TIF areas.
- Increasing property values. TIF redevelopment projects are an investment that causes property values to increase thus broadening the tax base and benefiting everyone who pays taxes.
- Inducing private investment and development. Municipalities can utilize TIF funds to offset relocation costs, development costs, and improve needed infrastructure to facilitate redevelopment.
- Creating jobs, job retention and training programs. Increased development, redevelopment and relocation mean a greater demand for workforce, and often times a higher skilled or higher

educated workforce. Redevelopment also impacts areas outside of the TIF enabling other businesses to grow and prosper as well.

- Creating a stronger, broader tax base. Infrastructure improvements, demolition or redevelopment of blighted areas attract private developers to invest in the community. As a result, the overall equalized assessment value increases, lessening the property tax burden.
- Maintaining local control. Municipal officials are responsible for determining the best utilization of TIF funds, not the state or federal government.
- Generating incremental revenue, which is reinvested in the TIF district. TIF funds are utilized for the benefit of projects within the TIF District.
- Benefiting other taxing bodies. At the end of the TIF, the entire property tax generated by the newly revitalized property goes to the underlying taxing bodies providing a revenue increase for schools, parks, libraries and so forth without raising taxes.

What about the Village's current TIF districts?

The Village of Sugar Grove currently has two TIF Districts.

TIF #1 – Sugar Grove Industrial TIF

Established January 17, 2012

Expires January 17, 2035

The goal of the Sugar Grove Industrial TIF #1 is to stimulate economic growth in the commercial and industrial area around the intersection of Dugan Road and US 30 on the west side of the Aurora Municipal Airport that has inadequate utilities and deteriorating infrastructure. Property in the TIF district is largely developed, but the absence of new growth in and adjacent to the area has deprived the area of new infrastructure improvements necessary to keep the commercial and industrial properties viable and competitive with other locations in Sugar Grove, as well as those in nearby communities. Since the creation of the TIF district, Scot Industries and Producers Chemicals completed major building expansions and increased local employment opportunities.

TIF #2 – Northeast Airport TIF

Established May 5, 2015

Expires May 5, 2038

The Northeast Airport TIF #2 was created to provide TIF funding to bring sanitary sewer and water services and other public infrastructure improvements to the commercial and industrial area generally on the east side of the Aurora Municipal Airport along Municipal Drive between Wheeler Road and US 30. The goal of the TIF is to cultivate economic growth in an area that has seen no private investment despite the efforts of the Village over the years to stimulate economic development in the area by zoning the property for industrial development, constructing Municipal Drive and West Galena Boulevard, and constructing utilities along Wheeler Road. No (re)development projects have yet begun since the creation of the TIF district.

How are increased needs for services as a result of the development on TIF property financed?

State legislation authorizes that TIF funds may be used for the following types of projects within the TIF district:

- Property acquisition.
- Rehabilitation or renovation of existing public or private buildings.
- Construction of public works or improvements.
- Job retraining programs.
- Relocation.
- Financing costs, including interest assistance.
- Studies, surveys, and plans.
- Professional services, such as architectural, engineering, legal, property marketing, and financial planning.
- Demolition and site preparation.
- Day care services.
- A budget for the life of the TIF district, including the total TIF-eligible costs of the plan.
- An evaluation of the fiscal and programmatic impact on the overlapping taxing bodies.
- A description of the process to amend the plan.
- A statement of conformance with the municipality's comprehensive plan.
- A timetable for redevelopment of the area.

Services such as fire and police protection, park district, library, schools, and municipal are funded with the original property tax revenue. When the TIF ends, any remaining funds and the entire increase of property tax revenues goes to the taxing bodies moving forward. If excess funds exist during the life of a TIF, they can be declared surplus and distributed to all the taxing bodies in accordance with their property tax rates.