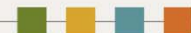




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Business Districts

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What is a Business District (BD)?

- A financial tool to help municipalities jumpstart economically sluggish commercial areas.
- BD's help local governments attract private development and new business.
- BD's help local governments finance needed improvements, like building renovation and rehabilitation, utility installation and upgrades, and intersection and access improvements.



What do Business Districts do?

- Captures sales tax from the entire marketplace within the BD and invest locally, back into the BD.
- Encourage new retail shopping centers, stores, and hotels.
- Create entertainment and restaurant areas.
- Modernize outdated retail, office (and sometimes hotel) developments to entice residents and visitors/shoppers that do not reside in the community.
- Upgrade and construct public improvements, including roadways, parking areas, utilities; modernize streetscapes.
- Design community gathering areas, such as parks where pedestrian traffic can gather for events such as concerts, festivals, and summer farmer markets.
- Update existing buildings through façade improvements, signage, lighting, etc.
- Create and maintain a revolving loan fund related to the uses above.



Municipal Powers

Within the Business District, the community may use funds to:

- Enter into contracts to implement BD Plan.
- Acquire, lease, own, sell property.
- Clear and grade land, including demolition or removal of existing buildings.
- Install, construct, repair, and relocate infrastructure, including streets and utilities.
- Renovate, rehab, and remodel existing buildings and structures.
- Construct new buildings (cannot in TIF) and utilities.
- Other activities included in the BD Act.



Business District - Eligible Expenses

Business District funds can be used for development and redevelopment activities to implement the Business District Plan, including:

- Costs of surveys, plans, implementation, and administration (including legal fees) of the BD.
- Property assembly costs.
- Site preparation, grading, and demolition costs.
- Installation, repair, and construction of public works.
- Building rehab, relocation, and renovation.
- New construction of buildings, structures, and improvements differs from the TIF Act).
- Financing costs.
- Use of BD Funds are restricted to those allowed by law.



Business District - Requirements

Elements required per the BD statute:

- Contiguous Area
- Blighted Area
 - predominance of defective, non-existent, or inadequate street layout
 - unsanitary or unsafe conditions
 - deterioration of site improvements
 - improper subdivision or obsolete platting
 - existence of conditions which endanger life or property by fire
- Economic Underutilization of the Area



Eligibility Factors

- Predominance of Defective, Non-existent, or Inadequate street layout
 - Lacks of street network
- Unsanitary or Unsafe Conditions
 - Flooding, storm water drainage, fire suppression and street access
- Deterioration of Site Improvements
 - 53% of the building show evidence of deterioration
- Improper Subdivision or Obsolete Platting
 - Parcels of irregular size and shape
- Economic Underutilization of the Area



Eligibility Factors (continued)

- Economic Underutilization of the Area
 - Presence of the above factor constitute a economic liability
 - number of buildings without adequate fire suppression systems
 - properties that are located in a flood zone
 - properties that suffer from chronic flooding
 - properties also suffer from improper subdivision or obsolete platting
 - parcels are of irregular shape and size parcels
 - parcels do not have enough land to accommodate modern standards
 - Lagging Equalized Assessed Value
 - The total EAV of the Business District has decreased for three (3) of the last five (5) years.
 - The total EAV of the Business District increased at a rate that was less than the balance of the Village for one (1) of last five (5) years.
 - The total EAV of the Business District has increased at an annual rate that is less than the CPI for four (4) of the last five (5) years.



Business District - Revenues

How does a BD finance improvements or incentives, if approved by the municipality?

If the area meets criteria as defined by the BD Act:

- State law allows a community to impose Business District Retailers Occupation taxes and Service Occupation taxes in 0.25% increments, up to 1% in the Business District.
 - Exclusions: Titled items, groceries, medicine and drugs, medical appliances, and some other health related items.
- State law allows a community to impose a Business District Hotel Operators' Occupation tax in 0.25% increments, up to 1% in the Business District.



Typical Redevelop Goals

- Strengthen the economic well-being of the Business District.
- Increase business activity and improve the tax base of the municipality.
- Maintain, improve, and construct public and private infrastructure.
- Improve public and traffic safety conditions.
- Stimulate private investment in new construction and redevelopment.
- Create new job opportunities and retain existing jobs.
- Improve the visual attractiveness of the Business District.
- Reduce or eliminate the factors that qualified the Business District as a “blighted area”.

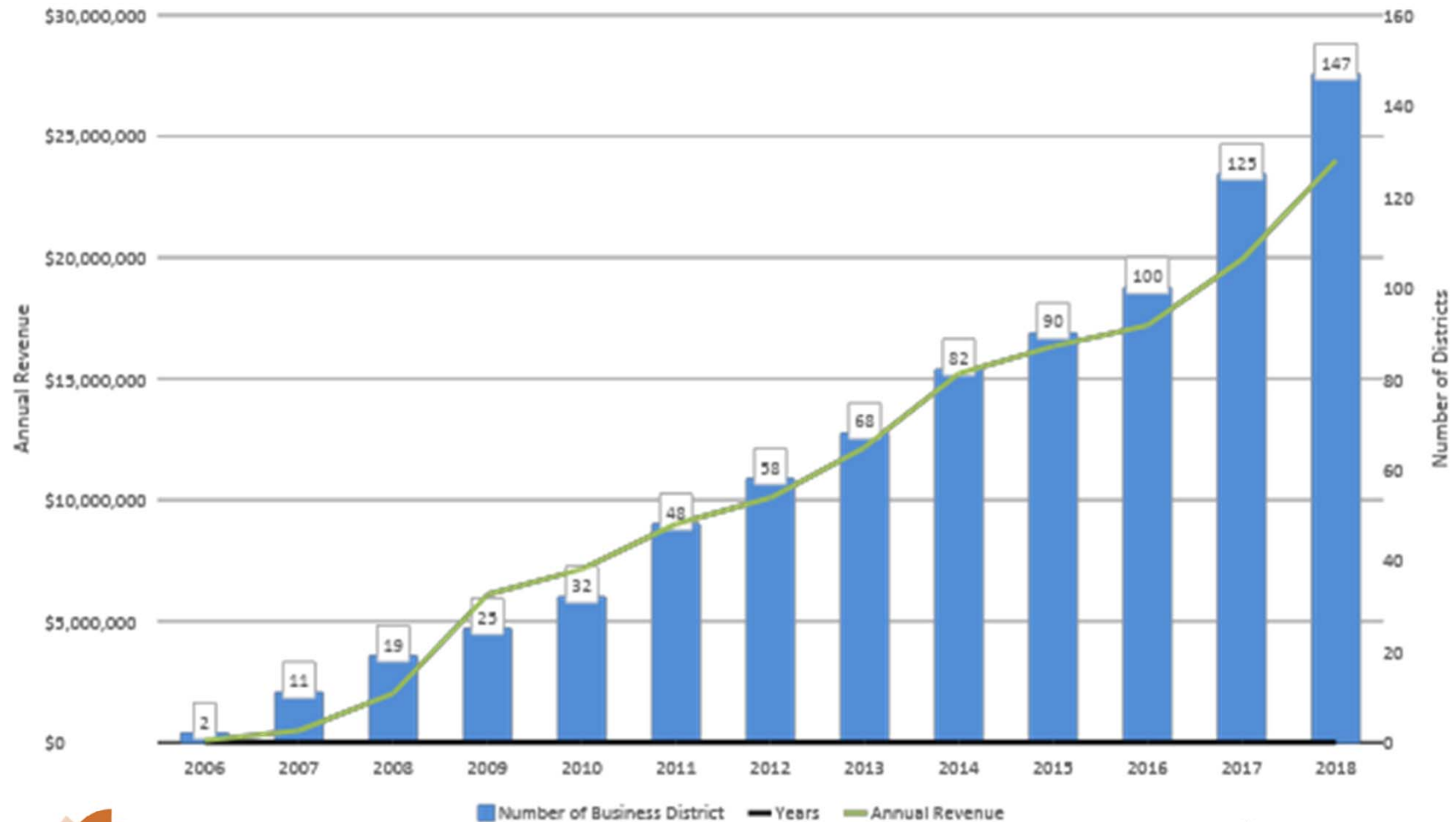


Business District Program

- In 2005, Granite City and Wood River each designated a Business District.
- FY 2006, IDOR reported \$67,753 combined revenue for the two districts.
- FY 2018, IDOR reported 147 Business Districts in Illinois generated \$24,008,519.
- 101 Illinois municipalities, representing 48 counties have designated Business Districts.
- 25 municipalities have more than one BD.
- Combined revenues YTD \$139,770,000.



Illinois Business District (FY2006 – FY2018)



How are other communities using Business District funds?

Community A

- Established a 1% Sales tax in 2015, used funds to assist redevelopment of vacant buildings with a new grocery store development.

Community B

- Established a 1% Sales tax and 1% Hotel tax in 2016 to use funds for public infrastructure improvements for a vacant site in anticipation of a mixed-use development.

Community C

- Established a 1% Sales tax in 2015, used funds for a wayfinding study for the downtown.

Community D

- Established a 1% Sales tax, used for funding a Façade Program for existing businesses. Also used up to 90% of funds for new business attraction (grocery store) and retained 10% for public right-of-way improvements.



Business Development District Findings

- Proposed BD Area meets requirements of the Business District Act.
- Considered a “Blighted Area” as defined by the Business District Act due to the presence of five (5) eligibility factors outlined in the Business District Act, which constitute an economic underutilization of the area.
- Proposed BD Area would not reasonably be anticipated to develop or redevelop without the Business District.
- Sales Tax and Hotel Tax of 1.0% of each.



Business District Timeline

Adoption Process

- Present the Business District Plan to the EDC
- Adopt Business District Plan and set Public Hearing date
- Publish Public Hearing Notices
- Hold the Public Hearing
- Adopt Ordinances to establish Business District
- File with the Illinois Department of Revenue (after adoption)





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