

# **Business District Plan**

## **I-57 East Business District**

Prepared for  
**City of Mattoon, Illinois**

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# SECTION 1

## INTRODUCTION

### PURPOSE

The City of Mattoon, Illinois (the "City") recognizes that its long-term viability depends, in part, on maintaining the strength of its commercial base. The City has therefore determined that it is essential to its economic and social welfare to identify and promote opportunities for development and private investment in order to attract sound and stable commercial growth, thereby enhancing the tax base of the City and reducing unemployment.

A development team comprised of Agracel, Inc. and Coles Centre Hospitality, LLC, including their successors or assigns (the "Developer"), has proposed to develop a convention center complex referred to as Coles Centre, which would be anchored by a convention center in excess of 30,000 square feet. After construction of the convention center, a 104-room hotel and restaurant, the developer proposes future phased construction of two additional hotels, additional restaurants and mixed-use commercial development (retail, service and office uses). Future phases of development may also include expansion of the convention center. This proposed mixed-use development will allow the City to compete as a regional center for commerce and economic activity by attracting convention and tourism business to Mattoon. Development of these facilities is intended to strengthen Mattoon's position as a destination and attract additional development interest. Future commercial development by the Developer or other Interested Parties (current property owners or other developers) is also anticipated in areas surrounding the 23-acre Coles Centre site.

In order for the City of Mattoon to assure opportunities for development, attract sound and stable commercial growth and expand the regional economy, an area generally located between Lerna Road on the east, the Mattoon-Charleston trail on the north, Interstate 57 (I-57) on the west, and a point south of Thomason Drive on the south has been identified by the City for designation under the provisions of Division 74.3 (Business District Development and Redevelopment) of Article 11 (Corporate Powers and Functions) of the Illinois Municipal Code, 65 ILCS 5/11-74.3-1 et seq., as supplemented and amended (the "Act" or the "Business District Act").

The City has determined that the area to be addressed by the Business District Act should be the focus for future development activity to further the City's goal of promoting

the development of and investment in commercial property, improving the marketability of the property, thereby enhancing the tax base of the City and reducing unemployment. The City has chosen to name the Business District the “I-57 East Business District” (the “Business District” or the “District”). The proposed Coles Centre project will comprise a significant portion of the Business District and serve as the initial catalyst to support needed transportation and other infrastructure improvements in order to facilitate ongoing private investment throughout the District. All public and private development activity (by the Developer or other Interested Parties) is herein referred to as the “Business District Program” or the “Program”. The boundaries of the I-57 East Business District are shown on **Plate 1, I-57 East Business District Boundary Map** in **Attachment A** and are described by metes and bounds in **Attachment B, Business District Boundary Description**.

## AREA BACKGROUND AND NEED FOR THE DISTRICT

The proposed I-57 East Business District includes large parcels north and south of Illinois Route 16, a major regional arterial that connects Mattoon and Charleston to Interstate 57. Interstate 57 and Route 16 near the interchange have the highest average annual daily traffic counts of streets and highways in Coles County. On the west side of I-57, new commercial uses including retailers and hotels have been developing in recent years. This development has expanded the City of Mattoon’s tax base and the local economy. East of the I-57 interchange, land along Route 16 is unimproved and platted in parcels of land, most of which are in excess of 10 acres.

The location advantage that drives Mattoon’s eastern development along the Route 16 corridor is especially relevant to the proposed I-57 East Business District, which is situated near a key intersection of major arterials. However, there are serious obstacles to development of the Business District that to date have prevented commercial development within the proposed Business District. This large-scale planned commercial development is necessary to provide economic opportunity and tax revenue to support public services. Impediments to development of the District include defective and inadequate street layout and related infrastructure, obsolete platting, and drainage conditions in the District that contribute to downstream flooding. These factors, which constitute an economic and social liability for the City and other taxing districts, will be explored in detail in subsequent sections of this Business District Plan.

Most of the area included in the proposed Business District has already been found to be blighted, as that term is defined in the Illinois Tax Increment Allocation Redevelopment Act (the “TIF Act”). This finding was made in 2006 when the City established the I-

57 East TIF Redevelopment Project Area to induce private development. Excluding right-of-way, the I-57 East TIF covers approximately 280 acres, which constitutes approximately 92% of the proposed Business District. Despite the incentives available through TIF, the property has not been developed, and the primary factor that caused it to qualify (contribution to downstream flooding) has not been addressed in the years since it was documented.

West of the I-57/Route 16 interchange, considerable development has taken place in recent years alongside a frontage road (East Broadway Avenue) and north-south access roads (McFall Road, Swords Road, and Dettro Drive). This development west of the interchange has leveraged the investments made in the street network to create economic value for the City and region. Due in large part to the lack of investment in such a network of access streets and related infrastructure, similar commercial development has not occurred in the Business District. The fact that the Business District has not been subject to development despite the availability of the significant incentives through the I-57 East TIF supports the conclusion that without the adoption of a business district plan the district is not reasonably anticipated to be developed.

In response to the District's inadequate street layout, the developer and the City have conducted preliminary planning to construct new access points from Route 16 (right-turn in/out only), improvements to Lerna Road and/or its intersection with Route 16, and most importantly, internal access roads to serve individual development sites within the Business District north and south of the Route 16. Both the City of Mattoon and the Illinois Department of Transportation (IDOT) have preliminarily reviewed such improvements. Initial cost estimates indicate that the cost of these necessary improvements exceeds the resources of either private developers or public entities including the City and County.

The properties in the District and the developer's proposal to construct convention, hotel and other commercial facilities present a significant opportunity to enhance and diversify the City's future economic base by taking advantage of development opportunities consistent with the highest and best use of property located at an interstate interchange. The I-57 East Business District is situated within a potentially active commercial area, but the property's potential can only be realized with the assistance of a Business District to assist in construction of necessary public infrastructure needed to support private investment. This private investment would greatly enhance the City's long-term economic growth. "But for" the establishment of the Business District, the property comprising the proposed District is unlikely to develop in concert with its highest and best use and would likely remain economically unproductive. In addition, absent the Business

District, the needed transportation connections within the City are unlikely to occur in the predictable future based on current and anticipated real estate market conditions.

Economic assistance to this Program, its projects and future development through the Business District or other sources will allow the City, the Developer, and other interested parties to address the extraordinary needs of providing for adequate transportation and basic infrastructure to support hospitality, commercial and mixed-use development. The objectives of such assistance are to provide the necessary infrastructure to prepare the Business District for development in its highest and best use; to construct enhancements to the City's transportation network, and to assist the City and other affected taxing jurisdictions to grow and expand the local commercial, retail, and hospitality economy.

## **MUNICIPAL AUTHORITY**

The Business District Act (65 ILCS 5/11-74.3-1 et seq.) authorizes Illinois municipalities to designate areas within the municipality as business districts. A business district must be established in conformance with a specific plan for business districts officially approved by the corporate authorities of the municipality after public hearings. A business district must also conform with the municipality's comprehensive plan. The I-57 East Business District Plan (the "Plan") for the Business District is prepared according to the provisions of the Act.

The exercise of the powers provided for in the Act is dedicated to the promotion of the public interest and to the enhancement of the tax base of business districts. The use of such powers for the development and redevelopment of business districts is a public use essential to the public interest. In accordance with the Act, the City may exercise the following powers in carrying out a Business District development or redevelopment plan:

- 1) *To approve all development and redevelopment proposals for a business district.*
- 2) *To exercise the use of eminent domain for the acquisition of real and personal property for the purpose of a development or redevelopment project.*

- 3) *To acquire, manage, convey or otherwise dispose of real and personal property according to the provisions of a development or redevelopment plan.*
- 4) *To apply for and accept capital grants and loans from the United States and the State of Illinois, or any instrumentality of the United States or the State, for business district development and redevelopment.*
- 5) *To borrow funds as it may be deemed necessary for the purpose of business district development and redevelopment, and in this connection issue such obligation or revenue bonds as it shall be deemed necessary, subject to applicable statutory limitations.*
- 6) *To enter into contracts with any public or private agency or person.*
- 7) *To sell, lease, trade or improve such real property as may be acquired in connection with business district development and redevelopment plans.*
- 8) *To employ all such persons as may be necessary for the planning, administration and implementation of the business district plans.*
- 9) *To expend such public funds as may be necessary for the planning, execution and implementation of the business district plans.*
- 10) *To establish by ordinance or resolution procedures for planning, execution and implementation of business district plans.*
- 11) *To create a Business District Development and Redevelopment Commission to act as agent for the municipality for the purposes of business district development and redevelopment.*
- 12) *To impose a retailers' occupation tax and a service occupation tax in the business district for the planning, execution, and implementation of business district plans and to pay for business district project costs as set forth in the business district plan approved by the municipality.*
- 13) *To impose a hotel operators' occupation tax in the business district for the planning, execution, and implementation of business district plans and to pay for the business district project costs as set forth in the business district plan approved by the municipality.*



- 14) *To issue obligations in one or more series bearing interest at rates determined by the corporate authorities of the municipality by ordinance and secured by the business district tax allocation fund set forth in Section 11-74.3-6 for the business district to provide for the payment of business district project costs.*

In accordance with the Act, this Plan sets forth the necessity for, the objectives of and the development program for the I-57 East Business District in the City of Mattoon, Illinois.

## SECTION 2

### ANALYSIS OF BLIGHTING FACTORS

#### ADDITIONAL STATUTORY PROVISIONS

In accordance with the Act (Sec. 11-74.3-5), if the corporate authorities of a municipality desire to impose a tax by ordinance pursuant to subsection (12) or (13) of Section 11-74.3-3, the following additional procedures shall apply to the designation of the business district and the approval of the business district development or redevelopment plan:

- (1) *The corporate authorities of the municipality shall hold public hearings at least one week prior to designation of the business district and approval of the business district development or redevelopment plan.*
- (2) *The area proposed to be designated as a business district must be contiguous and must include only parcels of real property directly and substantially benefited by the proposed business district development or redevelopment plan.*
- (3) *The corporate authorities of the municipality shall make a formal finding of the following:*
  - (i) *the business district is a blighted area that, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use; and*
  - (ii) *the business district on the whole has not been subject to growth and development through investment by private enterprises or would not reasonably be anticipated to be developed or redeveloped without the adoption of the business district development or redevelopment plan.*

- (4) *The proposed business district development or redevelopment plan shall set forth in writing:*
- (i) *a specific description of the proposed boundaries of the district, including a map illustrating the boundaries;*
  - (ii) *a general description of each project proposed to be undertaken within the business district, including a description of the approximate location of each project;*
  - (iii) *the name of the proposed business district;*
  - (iv) *the estimated business district project costs;*
  - (v) *the anticipated source of funds to pay business district project costs;*
  - (vi) *the anticipated type and terms of any obligations to be issued; and*
  - (vii) *the rate of any tax to be imposed pursuant to subsection (12) or (13) of Section 11-74.3-3 and the period of time for which the tax shall be imposed.*

The entire text of the Illinois Business District Act is included in the **Appendix as Attachment D**.

This section evaluates the conditions that are present relative to the “blight” provisions of the Act (Sec. 11-74.3-5(3)). Subsequent sections of this Plan will discuss *the Redevelopment Plan* per (Sec. 11-74.3-5(4)).

## **QUALIFICATIONS ANALYSIS**

The existing conditions in the area were identified and analyzed to determine if the proposed I-57 East Business District Area meets the qualifying criteria. Information gathered for this analysis was derived from several sources including the City of Mattoon, the Developer and its contractors, and other sources considered reliable.

## ***Predominance of Defective or Inadequate Street Layout***

The predominance of defective and inadequate street layout is documented below, beginning with a description and analysis of the ability of existing streets to serve the properties that comprise the District, followed by consideration of the lack of an interior street network to permit development.

### ➤ *Illinois Route 16*

The proposed Business District consists of approximately 340 acres (300 acres excluding right-of-way) east of the I-57/Illinois Route 16 interchange in Mattoon. The District is bisected by Illinois Route 16, which is a four-lane restricted access state highway. The east and west-bound lanes are separated by a grass median. Presently there are no public or private street, driveway, or “curb cut” access points to provide parcels on either side of the highway with direct vehicular access to Route 16. The absence of any such access points are documented in **Plate 1, Boundary Map**, which is overlaid on an aerial photograph dated 2001<sup>1</sup>.

Illinois Department of Transportation (IDOT) traffic count maps indicate an average annual daily trip count of 17,800 (2007) on this section of Route 16<sup>2</sup>. Preliminary discussion with IDOT indicates that a single right-turn in/right-turn out access point may be permitted to east or west-bound lanes of this section of Route 16. However, a median break that would allow a full intersection with the highway would not be permitted. This access restriction is a critical aspect of the inadequacy of the District’s street layout. The highway access restrictions make construction of frontage and interior circulation roads a fundamental prerequisite for commercial development in the proposed Business District. While the presence of Interstate 57 provides the District with excellent visibility, the interstate right-of-way is strictly access-controlled and provides no opportunity for vehicular access to the interior of the District.

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<sup>1</sup> Subsequent field examination verifies that the lack of change to street layout as described herein renders 2001 aerial photography an accurate depiction of existing conditions in the proposed Business District.

<sup>2</sup> 2007 count, Illinois Department of Transportation, on-line mapping, [www.gettingaroundillinois.com](http://www.gettingaroundillinois.com), accessed July 30, 2008.

➤ *Lerna Road*

The east boundary of the District is the Lerna Road right-of-way (N. County Road 870 E.). This two-lane road parallels I-57, and due to the Route 16 access restrictions described above, it would be the collector street with which the District's internal streets would connect. Presently, there are no public or private street or driveway access points from Lerna Road to serve the parcels within the District, except for Louis Lane, a narrow oil-and-chip road approximately 2,000 feet north of Route 16 in the northeast corner of the District. In order to facilitate development either north or south of Route 16, streets would have to be constructed to allow parcels in the Business District to access Lerna Road.

In order to fully implement the City's development strategy for the eastern edge of the community, improvements to Lerna Road itself will also be necessary during the life of the Business District. Improvements to address deficiencies in the Lerna Road right-of-way in order to fully facilitate the Business District's development potential include construction of sidewalks, bicycle lanes, curb and gutter or other drainage improvements, turn lanes, improved street lighting, and widening or resurfacing of portions of Lerna Road within the District. Improvement to or enhancement of the Mattoon-Charleston Bicycle Trail at the north edge of the District may also be incorporated in future development plans for the District.

➤ *Interior Street Layout*

As has been described above, no internal streets have been constructed to serve the interior of the District. This inadequacy is clearly documented in aerial photography. Both north and south of Route 16, subdivision plats have been recorded that provide a partial but inadequate system of platted but unbuilt right-of-way (the inadequacies of this platting is discussed later in this report). The cost to construct this internal street layout has not been fully determined. However, the cost of building the streets, sidewalk and related infrastructure for the initial phase of the Coles Centre project has been identified by the Developer as a prohibitive expense, for which public funding assistance is being requested. The infrastructure needs are such that public assistance in addition to tax increment financing are necessary to facilitate development.

The predominance of the defective and inadequate street layout described above is illustrated by considering an alternative development scenario in which individual commercial lots would be developed along Lerna Road without construction of an internal street network. Without an internal layout of frontage and circulator streets, there is potential only for development of individual lots with frontage on Lerna Road. Each of these lots would likely be no more than 500 feet deep and have individual private driveways off Lerna Road. Such a scenario is contrary to principles of sound urban planning and transportation management. It would result in only a fraction of the District (its eastern-most edge) being developed, thereby leaving a majority of the District afflicted with deficient and inadequate street layout such that its development would not be realized.

### ***Unsafe or Unsanitary Conditions***

As was documented in an August 2006 Eligibility Report<sup>3</sup> for the I-57 East Redevelopment Project area, surface water that discharges from the Area contributes to flooding within the watershed. Specifically, stormwater discharge from the Area contributes to flooding in Loxa, an unincorporated area northeast of the proposed Business District. The hydrological study<sup>4</sup> incorporated into the Eligibility Analysis outlines the extent to which proposed stormwater facilities (storm sewers and detention facilities with restricted discharge) can alleviate this problem. The downstream flooding constitutes an unsafe condition due to the risk of property damage and threat to public safety posed by such flooding. One consequence of flooding and poor drainage is that stormwater remains on the ground for an extended period after rainfall events. This stagnant water becomes an ideal breeding ground for mosquitos, the presence of which represents another unsafe and unsanitary condition related to health hazards of mosquito-borne illness.

Drainage conditions on the site that contribute to downstream flooding must be overcome in the course of developing the Business District. Due to these conditions, developers must carefully consider stormwater impacts, and the design and construction of future improvements must incorporate extraordinary stormwater facilities. The need to construct such facilities contributes to the extraordinary costs associated with this site and constitutes an economic liability by inhibiting investment in the Area. Business District tax revenue, TIF revenue and other public or private sources will be necessary to

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<sup>3</sup> Ehlers & Associates, August 2006

<sup>4</sup> Mattoon Proposed I-57 East TIF District Stormwater Analysis, Christopher B. Burke Engineering, Ltd., Attachment 4 to above cited document.

address these costs. Furthermore, these flood-related conditions constitute a threat to public health and safety.

### ***Improper Subdivision or Obsolete Platting***

In order for the Area to be developed in a planned manner that will make the most efficient use of the public and private resources to be invested in the Area, adequate access to public right-of-way is critical. The platting depicted in Plate 1 (which overlays parcel boundaries on aerial photography) shows that portions of the area both north and south are not fully platted to establish circulation patterns that would create efficient access throughout the proposed Business District. **In Plate 2, Preliminary Development Plan**, the Developer's first phase of the Coles Centre development is superimposed on the existing parcel map for the District. The Developer has recognized the value of a direct right-turn-in / right-turn out access road to connect the proposed development to Illinois Route 16. In that the existing platting (both north and south of Route 16) is deficient of such connections, the current platting is obsolete and land is in need of replatting.

Further inadequacies of existing platting is noted in the lack of a north-south connection between platted but unbuilt rights-of-way south of Route 16. North of Route 16, existing platting is also incomplete and lacking an internal street that parallels Route 16 and would serve as a frontage road. Additional division of the large lots in the District will also be necessary to accommodate the development envisioned by this Plan. The obsolescence of the existing platting is also evidenced by the fact that 10 of the 15 developable lots in the District are in excess of ten acres. Further division to create smaller lots will be necessary to facilitate development. The **General Land Use and Street Layout Plan** included as **Plate 3** recommends the placement of internal right-of-way and lot platting that would more efficiently provide access and promote development of the interior areas of the District.

### ***Economic Liability***

The Business District is located in a highly visible location with significant growth and development occurring west and east of the District along Route 16. Under normal conditions, the properties comprising the District should be expected to develop commensurate with neighboring commercial properties. However, the predominance of the inadequate street layout and other blighting factors in its present condition and use,

renders the Business District undevelopable consistent with its highest and best use – hospitality, retail and other mixed commercial development.

While not a blighting factor under the Business District Act, it should also be noted that the District is equally deficient in adequate utility and other basic infrastructure to support development. This fact, when coupled with the need for improved transportation infrastructure, further magnifies the significance of infrastructure costs needed for development of the Business District.

The inability to remediate the critical development impediments is an economic liability for the City of Mattoon and other overlapping taxing bodies without the financial incentives provided by the Business District. Such impediments encourage properties in the District to remain largely vacant and discourage development. Without improvements to infrastructure to facilitate development in the District, a pre-eminent location for commercial development within the City will not generate the appropriate real estate, sales or hotel tax revenues resulting from the “highest and best use” of the property in the District. In effect, without the remediation of development impediments the site has an inability to pay reasonable taxes based on the planned use of the District, particularly in comparison to nearby growth and development (some of which is outside the City’s corporate limits).

Unless the inadequate transportation conditions are corrected, the development of the Business District will not reach its potential. Unless these roadway improvements are constructed, the District’s economic potential (and therefore revenue potential) may never be realized, certainly not to the extent that it can if the roadway improvements are constructed. The Business District comprises some of the community’s most promising land in terms of the potential to generate revenue and economic activity for the City and other taxing districts. But this potential can only be realized if proposed roadway improvements that would be funded as a result of this Plan or by the City with State and/or Federal funds are accomplished. In addition, the construction of these roadways will remove the economic liability currently represented by these properties in the Business District.

The fact that a tax increment finance district (I-57 East Redevelopment Project Area) has been in place for more than five years without results is further indication of the degree of stagnation and the need for additional public assistance for development that may be provided through a Business District. While the potential for commercial development in the larger area surrounding the proposed Business District is growing, par-



cels in the proposed District suffer from a deficient and inadequate street network, deleterious drainage conditions, obsolete platting and insufficient infrastructure necessary to accommodate high-quality commercial uses. Without coordinated, planned development and economic incentives, the District will likely continue to stagnate and fail to produce significant revenue for taxing districts.

By virtue of the District's largely vacant land status due to lack of infrastructure, the Business District, on the whole, has not been subject to growth and development through investment by private enterprise and would not reasonably be developed without the use of business district financing or other sources of public financing to remove the development impediments that exist at this location.

### ***Social Liability***

By reason of the predominance of the above documented blighting factors, the Business District constitutes a social liability to the City and the taxing districts that collect certain taxes generated on properties within the District. The City, which is entrusted with providing police protection, fire and rescue, trash collection, snow removal and other public services, faces a challenge to its long-term financial strength due to the lack of development of the Business District and, correspondingly, the City taxes being generated. Also, districts which levy property taxes in the Business District such as the Mattoon Community Unit #2 School District, Coles County, Lake Land College, and Lafayette Township all provide social services such as education, public health, and disease prevention that are integral to a functional society. These districts, whose combined levies constitute a majority of the total property tax levy in the Business District, are adversely affected by stagnant property tax growth generated in the proposed Business District, such that the condition of the Business District presents a social liability.

## **QUALIFICATION SUMMARY AND FINDINGS**

There are multiple blighting conditions present in the proposed I-57 East Business District that represent those outlined in the Act. These include:

- The Business District suffers from the predominance of defective or inadequate street layout.
- There is obsolete platting in the Business District.

- Surface water from the Business District cause downstream flooding that results in unsafe and unsanitary conditions.
- The combination of conditions and factors present in the District contribute to making the Business District an economic liability and a social liability to the City and the taxing districts in its present condition and use.

Thus, if taken as a whole, the District meets the standards as a “blighted area” per Section 11-74.3-5(3) in the Act for designation as a “Business District” for purposes of qualifying the District under the Act and imposing a tax pursuant to subsections (12) and/or (13) of Section 11-74.3-3 of the Act. The Business District represents a portion of the City that by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

The parcels that comprise the Business District are undeveloped and have not been subject to growth and investment. It has also been demonstrated that unless the Business District is implemented to alleviate the blighting conditions that exist in the District, the District will not likely be developed at its highest and best use, at least for the predictable future based on current and anticipated real estate market conditions.

## SECTION 3

# BUSINESS DISTRICT PLAN

### DESCRIPTION OF THE BUSINESS DISTRICT

The I-57 East Business District is generally bounded by Lerna Road on the east, the Mattoon-Charleston Bicycle Trail on the north, Interstate 57 on the west and a point south of Thomason Drive on the south. The area consists of 17 parcels, as shown on **Plate 4, Parcel Identification Map** and **Attachment C, Parcel and Owner List**. The District comprises approximately 340 acres (inclusive of right-of-way) at the eastern edge of Mattoon, Illinois. The precise boundaries of the District are shown graphically in attached map plates and described in **Attachment B** of the **Appendix** to this Plan.

### FUTURE LAND USE AND ZONING

The proposed General Land Use Plan and Street Layout Plan for the Business District calls for a staged development program occurring over a number of years that will be initiated by the Coles Centre convention center and hotel development. The layout of the initial Coles Centre development is illustrated on **Plate 2, Preliminary Development Plan** and the **General Land Use and Street Layout Plan** is presented as **Plate 3**. Both of these map plans are contained in **Attachment A** of the **Appendix**.

The Plan calls for mixed commercial development consistent with the I-57 East TIF Re-development Plan and the 1993 Mattoon General Plan Update, and as such conforms with the City's Comprehensive Plan. In addition, all proposed development to be undertaken shall be subject to the provisions of the City of Mattoon's zoning ordinance, subdivision regulations and all other applicable codes as may be in effect at the time.

The District is currently zoned C/D Corridor Development District. This district requires specific standards for signage, landscaping, setbacks, transitional yards and open space, all of which are in recognition of the importance of the Route 16 Corridor as a gateway to the community and a particularly important location for economic development.

## **THE BUSINESS DISTRICT PROJECTS**

The development goals of the City of Mattoon for the I-57 East Business District envision an adequate street system capable of handling a high-quality, planned development resulting in hospitality, commercial, office and retail uses enhanced by attractive common area or open space. The key ingredient to the ultimate success of the Business District is the provision of public infrastructure (roads, water lines, storm and sanitary sewers, and other utilities). The priority among these is, of course, site accessibility through a newly enhanced transportation network. This immediate need will be provided through roadway improvements that will provide convenient access from Illinois Route 16, the improvement of existing roads and the construction of a new internal roadway system. The overall priority of the Business District is the development of the interior street network. This will, in turn, lead to development that will generate revenue to support the Business District. The combination of public infrastructure (e.g. utilities, roadways, and other activities associated with their construction) and private improvements constitute the Business District "Projects" that are to be constructed in whole, or in part, with revenues generated within the District and developer financing.

These projects, including the Coles Centre development, are expected to create a major regional destination that will have significant spillover benefits to the larger Coles County region. It is further expected that development of the proposed Business District will generate interest in development of other property in the environs of the Business District. All land uses and aspects of the development would be subject to review by the City and must comply with existing development and building control ordinances in addition to complying with the spirit and intent of this Plan.

The objective of the Business District Plan is to address several needs within the City of Mattoon which include, among others, the enhancement of the City's tax base, an enrichment of the overall quality of life for all residents, and a financing program for public and private improvements (namely much needed transportation infrastructure for Projects) that will stimulate development in an area that is now largely inaccessible and nearly devoid of public infrastructure including internal streets, curbs, gutters, sewers, water lines, and other utilities (collectively the "Public Development Actions").

The project description of the Business District Plan outlines the vision of the City for the Business District. However, it is important to note that the Business District Plan may only generally represent the development that ultimately is built, or as may be negotiated between the City, the Developer, and other Interested Parties. Therefore, it is important that this Plan be viewed as representing a framework for the development and

the Business District's financial participation (or "Economic Development Assistance") in the implementation of the Plan. This Plan is subject to future amendment by the City, if necessary, and it should not be construed to limit Developer or Interested Party participation. The Plan, in concept, fulfills the development goals and objectives of the City for the Business District.

As discussed previously, given the numerous impediments to development that currently exist within the District, Economic Development Assistance may be required to support several costs, including but not limited to:

- Professional fees and City administration services related to the Business District and its Projects;
- Construction of new streets or construction of street improvements including intersection improvements, constructions of curbs, gutters and sidewalks;
- Site preparation, including earth excavation and erosion control;
- Utility infrastructure relocation and reconstruction (i.e. storm and sanitary sewers, water mains, electrical and gas utilities) and storm water detention or retention ponds and related stormwater control structures;
- Streetscape improvements including street trees, lighting, street furniture, and banners; and
- Other costs as permitted under the Act.

The Business District will serve the City as an anchor for mixed commercial development providing hospitality, retail and office development opportunities that will improve the economic vitality of the City and the quality of life for all residents. The use of the Business District Act will enable the Developer, the City and other Interested Parties to underwrite extraordinary costs associated with Projects.

## BUSINESS DISTRICT OBJECTIVES

Objective #1: Remediate the inadequate transportation facilities.

Inadequate transportation facilities and related infrastructure is impeding growth and development of the District, which presents a threat to the future economic viability of the City and affected taxing districts. Comprehensive development of the District can only occur with major investments to remediate the inadequate street layout, stormwater drainage system and other infrastructure inadequacies. Correcting these inadequacies is paramount to attracting and supporting development in the Business District.

Objective #2: Provide competitively priced property for the attraction of new commercial, office, hospitality and other development.

Economic Development Assistance for the eligible project costs described in this plan will allow the Business District to effectively compete in the region for new commercial development, especially in the convention and hospitality market. Communities throughout the state and the region are providing similar assistance to private businesses and developers to decrease development costs associated with new development. Mattoon's development opportunity areas must now compete against other TIF areas, business districts, and sales tax rebate agreements offered throughout the region. If the City of Mattoon is to succeed in attracting major new commercial developments, it is essential that developers be provided with comparable assistance to effectively compete with neighboring communities. By assisting developers in solving unique building and site preparation costs, including the creation of a coordinated Business District, development of the District as a major competitor within the region will occur as quickly as market conditions will allow, and it will occur with development and tenants of a higher caliber.

Objective #3: Protection and expansion of Mattoon's economic base.

The increasing competitiveness of surrounding communities for retail and commercial locations is a preeminent threat to the current economic base of the City of Mattoon. The proposed Business District provides an opportunity to develop a portion of the City that has remained largely undeveloped. The Coles Centre development and other future development projects within the District will contribute significantly to the City's economic base by generating employment opportunities and creating spin-off economic activity in the community.

Objective #4: Increase the tax base of the City and the affected taxing districts.

Recognizing that the I-57 East Business District has remained entirely undeveloped, all new development resulting from the establishment of the District will generate revenues that would otherwise not be available to the City of Mattoon and other affected taxing districts.

## **PRIVATE DEVELOPMENT ACTIONS**

The City is expected to solicit and actively negotiate with one or more Interested Parties, including the Developer, to carry out the conceptual development project(s) envisioned. At this time, the City is negotiating the terms of a development agreement with Coles Centre Hospitality, LLC and Agracel, Inc., as a part of the City's public assistance for the Coles Centre project, which will entail private construction of a convention center in excess of 30,000 square feet, a hotel with more than 100 rooms and a restaurant/catering operation. The project will require construction of street improvements and replatting that will address the conditions that cause the area to qualify as a Business District.

The Coles Centre project is anticipated to be undertaken by the Developer immediately upon establishment of the District. The Developer will construct the infrastructure necessary to construct the convention center and hotel, which will also prepare additional lots for commercial development. Development of future phases, both north and south of Route 16, is expected to occur with private investment from other Interested Parties, which may include the Developer, at some future date. Any development rights and Economic Development Assistance from the District will be subject to approval by the City via a development agreement or other appropriate instruments as provided for under Illinois statutes.

## **PUBLIC DEVELOPMENT ACTIONS**

As noted above, the City intends to provide or enter into one or more agreements with developer(s) for implementation of Projects in this Plan. Such agreement shall provide for certain public improvements and project costs in the District to stimulate private investment by enhancement of the economic potentials of the Business District.

## THE NEED FOR PUBLIC FINANCIAL ASSISTANCE

One of the first hurdles for the development of the I-57 East Business District is to make costly up-front street and utility improvements. In order for property in the District to compete in attracting high-quality businesses and marketable commercial development sites, public financial assistance is required. With the requested assistance, which may include tax increment finance benefits and other public-private financing mechanisms in addition to Business District support, the Developer and other Interested Parties will be able to absorb initial acquisition costs, perform the necessary requirements to develop the site properly, and effectively market the property to targeted end-users.

## BUSINESS DISTRICT PROJECT COSTS

The following Project costs are anticipated as a result of the Public Development Actions described above to be undertaken by the Developer and/or other Interested Parties. The City intends to provide Economic Development Assistance through the reimbursement to the Developer and/or other Interested Parties for these Public Development Actions under the terms and conditions of a separate agreement between the City and the Developer and other Interested Parties. Economic Development Assistance shall include all or part of the eligible expenditures for Project-related public improvements and other Business District Project costs as shown on **Table 3-1, Total Estimated Business District Project Costs** (such costs constituting “Business District Project Costs” under the Act).

It should be noted that these costs are estimates based on the Business District Development Project described herein. These tables should not be construed to limit the ability of the City to enter into development agreements, which provide for other costs, additional costs, or a different distribution of these costs among the various line items or phases of development. Specific limitations on such cost items and any distribution between them will be specified in development agreements by and between the City and the Developer or Interested Parties.



**Table 3-1**  
**Total Estimated Business District Project Costs**  
**I-57 East Business District**

Description	Estimated Cost
<b>A. PUBLIC WORKS OR IMPROVEMENTS</b>	
(Including but not limited to street construction, side walk construction, streetscape improvements, utility construction or relocation, storm water controls and other public improvements.)	\$ 8,000,000
<b>B. PROPERTY ASSEMBLY &amp; SITE PREPARATION</b>	
(Including but not limited to acquisition of land, excavation and grading, and on-site drainage or utility improvements.)	\$ 3,000,000
<b>C. PUBLIC FACILITIES</b>	
(Construction of new fire station, recreational facilities, or other public facilities.)	\$ 3,000,000
<b>D. PLANNING, DESIGN &amp; ENGINEERING</b>	
	\$ 700,000
<b>E. GENERAL ADMINISTRATION</b>	
	\$ 500,000
<b>F. CONTINGENCY</b>	
	\$ 250,000
<b>Total Estimated Project Costs</b>	<b>\$15,450,000</b>

## Notes:

1. All costs estimates shown are in 2008 dollars and do not include additional costs to be incurred in future financing (e.g., bond issuance costs, interest payments on obligations and related expenses) or inflationary costs that may be realized.
2. Adjustments may be made among line items within the budget to reflect program implementation experience.
3. Additional private development costs and investment are in addition to the above (e.g. construction of buildings, private parking lots, etc.).

## SOURCES OF FUNDS TO PAY BUSINESS DISTRICT PROJECT COSTS

Funds necessary to pay for Business District Project Costs are to be derived from the following sources in accordance with the Act:

- 1) *A Business District Retailers' Occupation Tax* upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of this State's government, at retail in the business district at a rate of 1% of the gross receipts from the sales made in the course of such business. The tax may not be imposed on food for human consumption that is to be consumed off premises (other than alcohol, soft drinks, and food for immediate consumption), prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use.
- 2) *A Business District Service Occupation Tax* shall also be imposed upon all persons engaged, in the Business District, in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property within the Business District, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service. The tax shall be imposed at the same rate as the Business District Retailers' Occupation Tax, a rate of 1% of the selling price of tangible personal property so transferred within the Business District. The tax may not be imposed on food for human consumption that is to be consumed off premises (other than alcohol, soft drinks, and food for immediate consumption), prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use.
- 3) *A Hotel Operators' Occupation Tax* upon all persons engaged in the Business District in the business of renting, leasing, or letting rooms in a hotel, as defined in the Hotel Operators' Occupation Tax Act at a rate of 1% of the gross rental receipts from the renting, leasing, or letting of hotel rooms within the Business District, excluding, however, from gross rental receipts the proceeds of renting, leasing, or letting to permanent residents of a hotel, as defined in the Hotel Operators' Occupation Tax Act, and proceeds from the tax imposed under subsection (c) of Section 13 of the Metropolitan Pier and Exposition Authority Act.

In accordance with the Business District Act, these taxes shall be imposed for a period not to exceed 23 years from adoption of said ordinances.

Other sources of funds to be used to pay the costs of implementation of the Business District objectives may include (but are not required by this Plan):

- ✓ Capital which is available to the Developer or other Interested Parties through its own cash reserves or financing entities;
- ✓ Funds available through tax increment financing;
- ✓ Improvements by third party tenants; and,
- ✓ Other sources of public financing that may be identified at such time in the future to fund Project costs.

Business District revenues received under Section 11-74.3-6 of the Business District Act shall be deposited into or credited to the Business District Tax Allocation Fund, which the City shall establish and maintain as required by the Business District Act.

## **ESTABLISHMENT AND TERM OF THE BUSINESS DISTRICT**

The establishment of the Business District shall become effective upon adoption of an ordinance by the City adopting this Plan and designating the District as a business district (the "Commencement Date"), which is consistent with the provisions of the Act and this Plan. The terms and conditions for providing assistance under the Act between the City, the Developer and other Interested Parties shall be approved in a development agreement.

The District shall expire no later than the expiration of twenty-three (23) years from the applicable Commencement Date. For purposes of this Plan, a year means the twelve-month period beginning on the Commencement Date and ending on the day next preceding the anniversary of such Commencement Date in the next year.

## **BUSINESS DISTRICT OBLIGATIONS**

The City may issue obligations in one or more series, maturing and bearing interest rates and having such other terms and provisions determined by the City by ordinance, and in whole or in part, secured and/or paid from funds of deposits credited to the Business District Tax Allocation Fund for the Business District.

## SECTION 4

### FINDINGS AND AMENDMENTS TO THE BUSINESS DISTRICT PLAN

#### FINDINGS

The City hereby finds and determines as follows:

- 1) This Plan constitutes a specific plan for a business district in the City of Mattoon, Coles County, Illinois.
- 2) The designation of the Business District as identified in the Plan and more specifically described in **Attachment A** and **Attachment B** in the Appendix, will assure opportunities for development and attraction of quality commercial growth to the City.
- 3) The Plan and the District conform to the City's Comprehensive Plan.
- 4) The City's exercise of the powers provided in the Act is dedicated to the promotion of the public interest and to the enhancement of the tax base of the business district and the City's use of the powers for the development and redevelopment of the District as provided in this Plan is declared to be a public use essential to the public interest of the residents of the City of Mattoon, Coles County, Illinois.
- 5) The area constituting the District is a "blighted area" that by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.
- 6) The Business District on the whole has not been subject to growth and development through investment by private enterprise or would not be anticipated to be developed or redeveloped without the adoption of this Business District Plan.


## **PLAN AMENDMENTS**

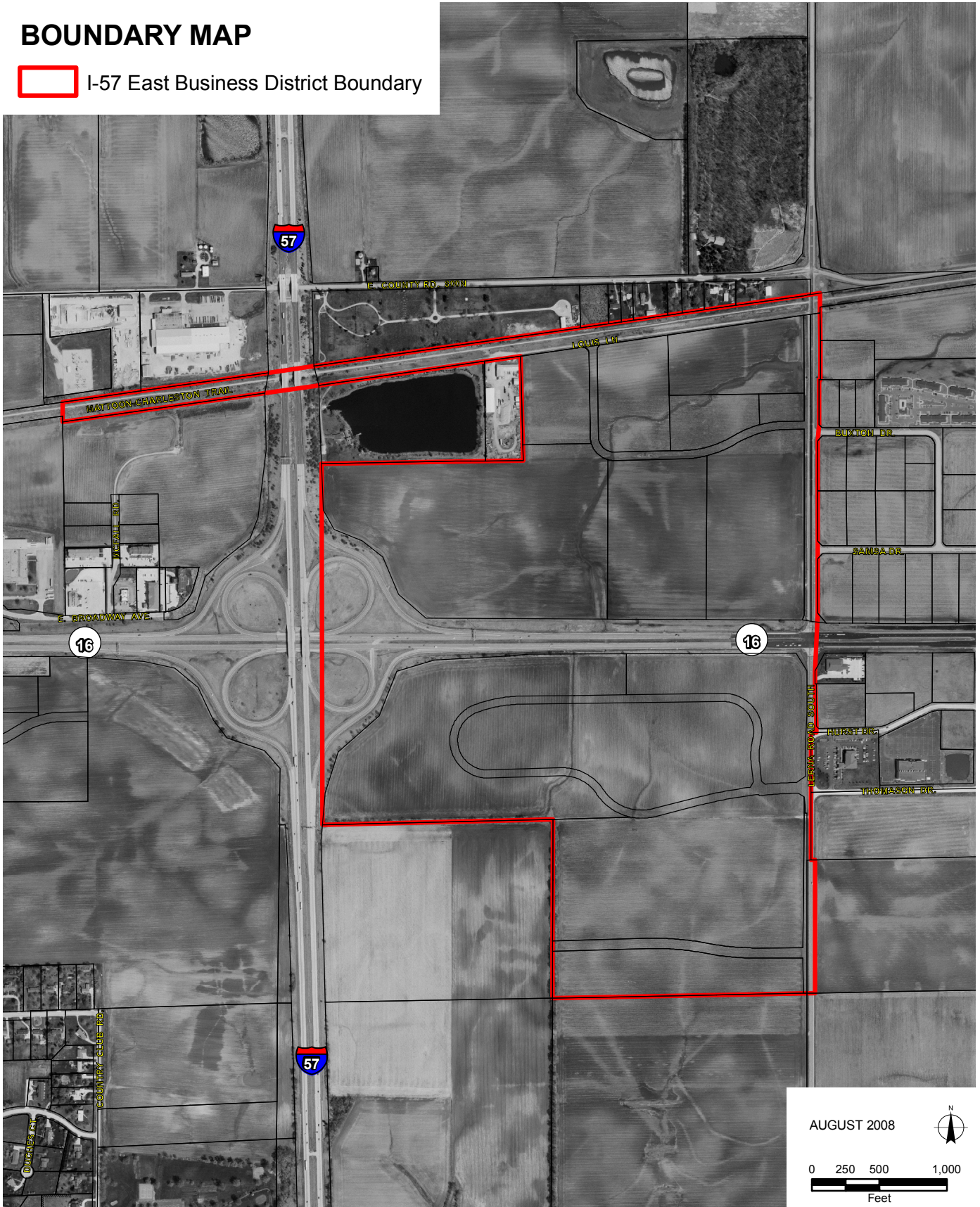
The procedure for amending this Plan shall also be in conformance with the provisions of the Business District Act.

# **APPENDIX**




# BOUNDARY MAP

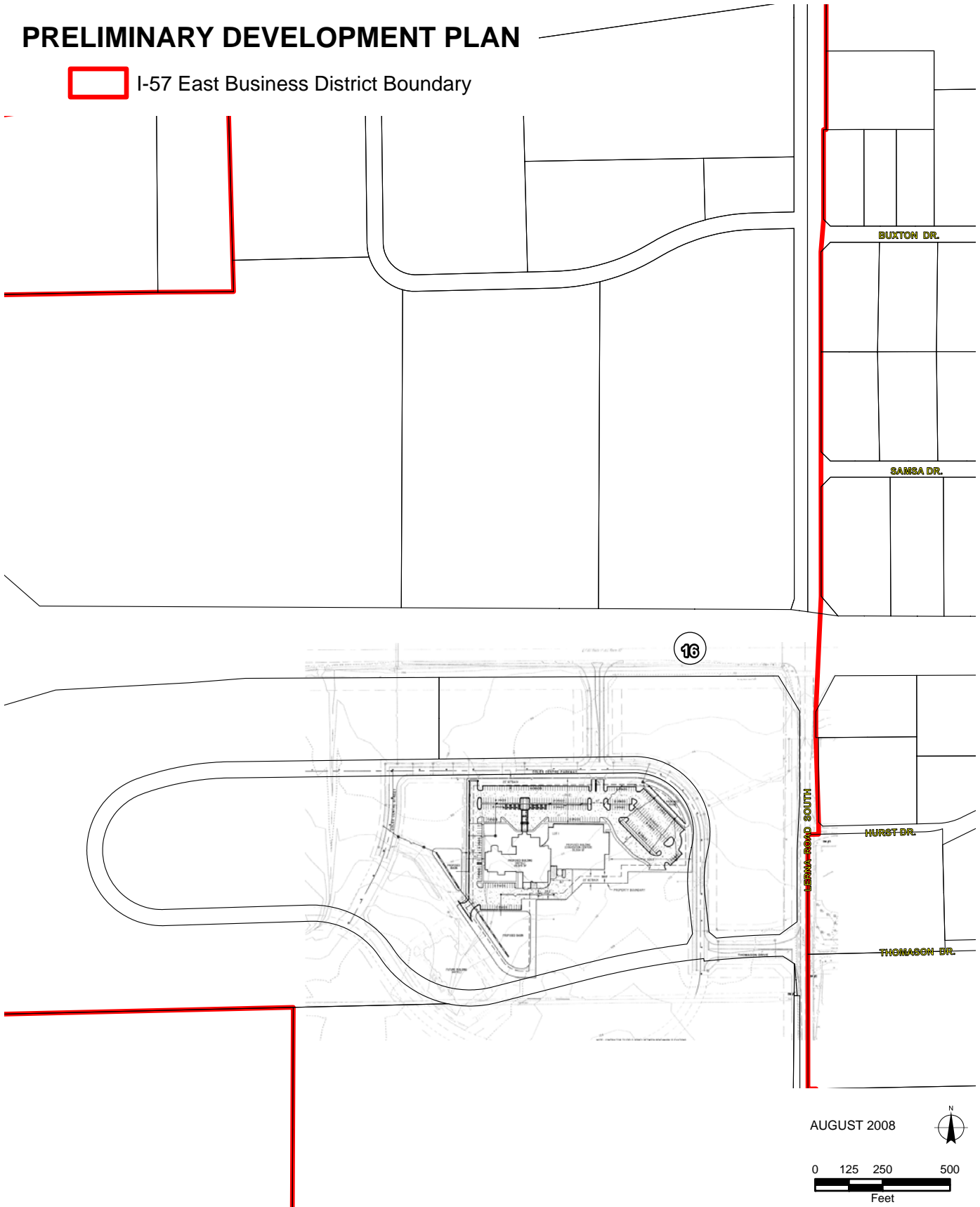
 I-57 East Business District Boundary










# PRELIMINARY DEVELOPMENT PLAN

 I-57 East Business District Boundary




# GENERAL LAND USE & STREET LAYOUT

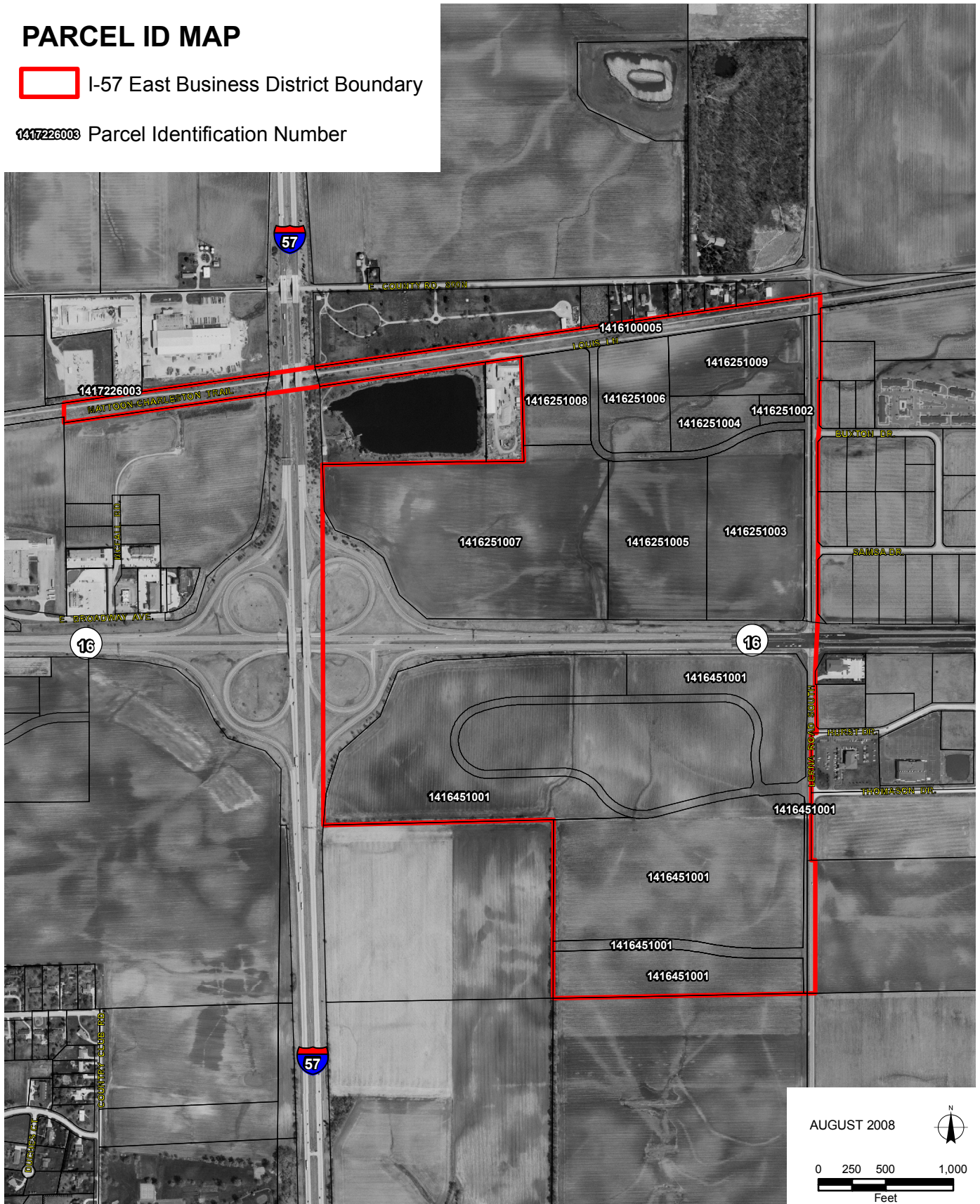
-  I-57 East Business District Boundary
-  Proposed Streets
-  Existing Streets to be Improved
-  Mixed Commercial (Retail, Service & Office)
-  Open Space / Recreation



# PARCEL ID MAP

 I-57 East Business District Boundary

1417226003 Parcel Identification Number





## **BOUNDARY DESCRIPTION OF I-57 EAST BUSINESS DISTRICT**

That part of the North ½ of Section 16, Township 12 North, Range 8 East of the Third Principal Meridian, Coles County, Illinois, described as follows:

Commencing at the Intersection of the East line of the Northwest ¼ of the Northeast ¼ of said Section 16 with the Southerly right-of-way line of the former C.C.C. & St. Louis Railroad; thence South 81° 04' 20" West, 61.66 feet along said Southerly right-of-way line to the point of beginning; thence South 0° 42' 25" East, 505.80 feet along the West right-of-way line of the Lerna Road; thence North 89° 17' 35" East, 5.00 feet along said right-of-way; thence South 0° 42' 25" East, 400.00 feet along said right-of-way line; thence North 89° 17' 35" East, 10.00 feet along said right-of-way line; thence South 0° 42' 25" East, 1386.34 feet along said right-of-way line to a point on the Northerly right-of-way line of Illinois Route 16; thence South 89° 27' 50" West, 2782.89 feet along said Northerly right-of-way line to a point on the Easterly right-of-way line of F.A. Interstate 57; thence North 50° 41' 55" West, 275.40 feet along said right-of-way line; thence North 24° 36' 46" West, 315.60 feet along said right-of-way line; thence North 53° 41' 46" West, 192.09 feet along said right-of-way line; thence North 68° 39' 12" West, 223.89 feet along said right-of-way line; thence North 30° 32' 03" West, 158.83 feet along said right-of-way line; thence North 2° 57' 02" West, 319.26 feet along said right-of-way line to a point on the North line of the South ½ of the Northwest ¼ of said Section 16; thence North 87° 49' 29" East, 1499.28 feet along said North line; thence North 2° 39' 58" West, 822.10 feet to a point on the Southerly right-of-way line of the former C.C.C. & St. Louis Railroad; thence South 81° 04' 20" West, 3455 feet along the Southerly right-of-way line of the former C.C.C. & St. Louis Railroad to the East line and Northerly extension thereof of a tract as described in a Warranty Deed and recorded on Document Number 515520 in Volume 727 at Page 138 at the Coles County Recorder's Office; thence Northerly 150 feet along the Northern extension of the said East line to the Northern right-of-way line of the former C.C.C. & St. Louis Railroad; thence North 81° 04' 20" East, 5635 feet along said Northerly right-of-way line to the East line of the Northwest ¼ of the Northeast ¼ of said Section 16; thence South 0° 42' 25" East, 150 feet along said East line to the Southerly right-of-way line of the former C.C.C. & St. Louis Railroad; thence South 81° 04' 20" West, 61.66 along the Southerly right-of-way line to the point of beginning, containing 153 acres, more or less.

AND ALSO

Commencing at the Northeast Corner of the Southeast Quarter (SE ¼) of said Section Sixteen (16); thence South 0° 17' 32" West (bearings based on F.A.I. Route 04 [I-57] R.O.W. plat) a distance of 1331.09 feet along the East line of said Section Sixteen (16); thence South 88° 16' 20" West a distance of 1329.10 feet to a point in the West right-of-way line of Lerna Road and the point of beginning; thence continue South 88° 16' 20" West, a distance of 3580.55 feet to a point in the East right-of-way line of F.A.I. Route 04 (I-57); thence North 04° 25' 49" East along said right-of-way line, a distance of 234.86 feet; thence North 17° 12' 02" East along said right-of-way line, a distance of 317.84 feet; thence North 47° 55' 25" East along said right-of-way line, a distance of 404.60 feet; thence North 23° 17' 43" East along said right-of-way line, a distance of 352.33 feet; thence North 73° 03' 10" East along the South right-of-way line at F.A. Route 17 (IL Rt. 16), a distance of 286.40 feet; thence North 86° 24' 38" East along said right-of-way line, a distance of 500.62 feet; thence North 85° 50' 22" East along said right-of-way line, a distance of 250.45 feet; thence North 89° 16' 21" East along said right-of-way line, a distance of 1923.01 feet; thence South 32° 09' 38" East along said right-of-way line, a distance of 152.36 feet;

thence South 00° 29' 12" East along the West right-of-way of Lerna Road, a distance of 317.39 feet; thence South 02° 22' 33" West along said right-of-way a distance of 200.25 feet; thence South 00° 29' 12" East along said right-of-way line a distance of 300.00 feet; thence South 05° 13' 26" West along said right-of-way line, a distance of 100.50 feet; thence South 05° 03' 38" East along said right-of-way line, a distance of 136.00 feet to the point of beginning, containing 91.5 acres, more or less.

AND ALSO

The Southwest Quarter (SW ¼) of the Southeast Quarter (SE ¼) and a part of the Southeast Quarter (SE ¼) of the Southeast Quarter (SE ¼) and a part of the Southeast (SE ¼) of the Southwest Quarter (SW ¼) all in Section Sixteen (16), Township Twelve (12) North, Range Eight (8) East of the Third Principal Meridian, more particularly described as follows:

Commencing at the Northeast corner of the Southeast Quarter (SE ¼) of said Section Sixteen (16); thence South 0° 17' 32" West (bearings based on F.A.I. Route 04 [I-57] R.O.W. plat) a distance of 1331.09 feet along the East line of said Section Sixteen (16); thence South 88° 16' 20" West a distance of 1329.10 feet to a point in the West right-of-way line of Lerna Road and the point of beginning; thence South 05° 03' 38" East along said West right-of-way line of Lerna Road, a distance of 114.80 feet; thence South 00° 29' 12" East along said West right-of-way line of Lerna Road, 1218.21 feet to a point on the South line of said Section 16; thence South 88° 09' 57" West along said South line of Section 16, a distance of 1875.50 feet; thence North 00° 11' 59" West a distance of 1336.49 feet; thence North 88° 16' 20" East a distance of 1859.57 feet to the point of beginning, containing 58.5 acres, more or less.

AND ALSO

Including the Northeast and Southeast interchange between Interstate 57 and State Route 16 and State Route 16 and its rights-of-way between Interstate 57 and the Lerna Road, containing 37.4 acres, more or less.

These tracts of land contain a total of 340.4 acres, more or less.

Prepared by: HDC Engineering, LLC  
201 West Springfield Avenue  
Champaign, IL 61820

Date: August 7, 2008  
HDC Project No.: 07355  
I:\HDC

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**Property Identification Number (PIN) and Property Owner List**  
**I-57 East Business District**  
City of Mattoon

PIN	Alternate Tax ID	Property Owner	Owner Address	Equalized Land Area (Acres)	Assessed Value (EAV), 2007
14-16-251-002	06-0-05135-000	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	1.55	\$380
14-16-251-003	06-0-05136-000	TOPA FARMS/ASHBROOK	P.O. BOX 207, MATTOON, IL 61938	20.32	\$4,950
14-16-251-003	06-0-05136-001	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	1.48	\$360
14-16-251-004	06-0-05137-000	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	5.23	\$1,270
14-16-251-005	06-0-05138-000	TOPA FARMS/ASHBROOK	P.O. BOX 207, MATTOON, IL 61938	19.35	\$4,720
14-16-251-006	06-0-05139-000	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	10.24	\$2,500
14-16-251-007	06-0-05140-000	TOPA FARMS/ASHBROOK	P.O. BOX 207, MATTOON, IL 61938	47.84	\$11,683
14-16-251-007	06-0-05140-001	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	1.30	\$316
14-16-251-008	06-0-05141-000	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	7.77	\$1,900
14-16-251-009	06-0-05142-000	DEXTER ASHBROOK	416 S. FOREST, ARLINGTON HEIGHTS, IL 60004	12.22	\$2,980
14-16-100-005	06-0-00526-000	MATTOON CITY OF	208 N.19TH STREET, MATTOON, IL 61938	15.39	\$0
14-17-226-003	06-0-00573-000	MATTOON CITY OF	208 N.19TH STREET, MATTOON, IL 61938	14.04	\$0
14-16-451-001	06-0-05151-000	AGRICEL, INC.	1207 NETWORK CENTRE BLVD., STE. 4, EFFINGHAM, IL 62401	36.83	\$8,980
14-16-451-001	06-0-05152-000	AGRICEL, INC.	1207 NETWORK CENTRE BLVD., STE. 4, EFFINGHAM, IL 62401	14.83	\$3,620
14-16-451-001	06-0-05153-000	AGRICEL, INC.	1207 NETWORK CENTRE BLVD., STE. 4, EFFINGHAM, IL 62401	29.76	\$7,260
14-16-451-001	06-0-05154-000	AGRICEL, INC.	1207 NETWORK CENTRE BLVD., STE. 4, EFFINGHAM, IL 62401	45.52	\$10,370
14-16-451-001	06-0-05154-000	AGRICEL, INC.	1207 NETWORK CENTRE BLVD., STE. 4, EFFINGHAM, IL 62401	13.42	\$3,270
<b>TOTAL</b>				<b>297.09</b>	<b>\$64,559</b>





**Illinois Revised Statutes**

**DIVISION 74.3**

**Business District Development  
And Redevelopment**

**“ILLINOIS BUSINESS DISTRICT ACT”**

***65 ILCS 5/11-74.3-1 thru 3-6***

Reprinted 8/14/08

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**PGAV**URBANCONSULTING

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*Not An Official Copy*

**Illinois Revised Statutes**

**DIVISION 74.3  
Business District Development and Redevelopment**

**“ILLINOIS BUSINESS DISTRICT ACT”**

**65 ILCS 5/11-74.3-1 thru 3-6**

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*The following pages of this document consist of a compilation of the provisions of the Illinois Business District Act by the Urban Consulting staff of Peckham Guyton Albers & Viets, Inc. (PGAV). This compilation consists of all amendments thereto since its adoption by the Illinois General Assembly. It is based on official copies of the Illinois Business District Act and its subsequent amendments through Public Act 093-1089 effective March 7, 2005. The Illinois Business District Act as contained herein is formatted in a more readable outline manner than will be found in official published copies*

*It should be noted that this document does not represent an official copy of the Illinois Business District Act and should not be quoted, cited, or used in any official legislative or legal capacity. PGAV has provided this document solely for the information and use of its staff and clients and assumes no liability or responsibility for the use (or misuse) of this document.*

**Note:** *All modified or added text is in italics.*

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<b>SECTION</b>		<b>PAGE</b>
5/11-74.3-1	<b>[Legislative Finding and declaration]</b> .....	<b>1</b>
5/11-74.3-2	<b>[Designation of Area as Business District]</b> .....	<b>2</b>
5/11-74.3-3	<b>[Powers of Corporate Authorities]</b> .....	<b>2</b>
5/11-74.3-4	<b>[Home Rule Municipalities]</b> .....	<b>3</b>
5/11-74.3-5	<b>[Business District Sales and Hotel Tax Provisions]</b> .....	<b>3</b>
5/11-74.3-6	<b>Business District Revenue and Obligations</b> .....	<b>4</b>

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**65 ILCS 5/11-74.3-1  
[Legislative Finding and Declaration]**

It is hereby found and declared:

- (1) It may be considered essential to the economic and social welfare of each municipality that business districts be maintained and revitalized by assuring opportunities for development or redevelopment and attracting sound and stable commercial growth.
- (2) Such a result should conform with a comprehensive plan of the municipality and a specific plan for business districts officially approved by the corporate authorities of the municipality after public hearings.

- (3) The exercise of the powers provided in this Division is dedicated to the promotion of the public interest and to the enhancement of the tax base of business districts, and the use of such powers for the development and redevelopment of business districts of a municipality is hereby declared to be a public use essential to the public interest.

(Source: P. A. 78-793.)

### **65 ILCS 5/11-74.3-2 [Designation of Area as Business District]**

**Sec. 11-74.3-2.** The corporate authorities of a municipality may designate, after public hearings, an area of the municipality as a Business District.

(Source: P. A. 78-793.)

### **65 ILCS 5/11-74.3-3 [Powers of Corporate Authorities]**

**Sec. 11-74.3-3.** In carrying out a business district development or redevelopment plan, the corporate authorities of each municipality shall have the following powers:

- (1) To approve all development and redevelopment proposals for a business district.
- (2) To exercise the use of eminent domain for the acquisition of real and personal property for the purpose of a development or redevelopment project.
- (3) To acquire, manage, convey or otherwise dispose of real and personal property according to the provisions of a development or redevelopment plan.
- (4) To apply for and accept capital grants and loans from the United States and the State of Illinois, or any instrumentality of the United States or the State, for business district development and redevelopment.
- (5) To borrow funds as it may be deemed necessary for the purpose of business district development and redevelopment, and in this connection issue such obligation or revenue bonds as it shall be deemed necessary, subject to applicable statutory limitations.
- (6) To enter into contracts with any public or private agency or person.
- (7) To sell, lease, trade or improve real property in connection with business district development and redevelopment plans.
- (8) To employ all such persons as may be necessary for the planning, administration and implementation of business district plans.
- (9) To expend such public funds as may be necessary for the planning, execution and implementation of the business district plans.

- (10) To establish by ordinance or resolution procedures for the planning, execution and implementation of business district plans.
- (11) To create a Business District Development and Redevelopment Commission to act as agent for the municipality for the purposes of business district development and redevelopment.
- (12) To impose a retailers' occupation tax and a service occupation tax in the business district for the planning, execution, and implementation of business district plans and to pay for business district project costs as set forth in the business district plan approved by the municipality.
- (13) To impose a hotel operators' occupation tax in the business district for the planning, execution, and implementation of business district plans and to pay for the business district project costs as set forth in the business district plan approved by the municipality.
- (14) To issue obligations in one or more series bearing interest at rates determined by the corporate authorities of the municipality by ordinance and secured by the business district tax allocation fund set forth in Section 11-74.3-6 for the business district to provide for the payment of business district project costs.

This amendatory Act of the 91st General Assembly is declarative of existing law and is not a new enactment.

(Source: P.A. 93-1053, eff. 1-1-05.)

#### **65 ILCS 5/11-74.3-4 [Home Rule Municipalities]**

**Sec. 11-74.3-4.** The powers granted to municipalities in this Division shall not be construed as a limitation on the powers of a home rule municipality granted by Article VII of the Illinois Constitution.

(Source: P.A. 78-793.)

#### **65 ILCS 5/11-74.3-5 [Business District Sales & Hotel Tax Provisions]**

**Sec. 11-74.3-5.** Business district; additional procedures for designation of district and approval of development or redevelopment plan. If the corporate authorities of a municipality desire to impose a tax by ordinance pursuant to subsection (12) or (13) of Section 11-74.3-3, the following additional procedures shall apply to the designation of the business district and the approval of the business district development or redevelopment plan:

- (1) The corporate authorities of the municipality shall hold public hearings at least one week prior to designation of the business district and approval of the business district development or redevelopment plan.

- (2) The area proposed to be designated as a business district must be contiguous and must include only parcels of real property directly and substantially benefited by the proposed business district development or redevelopment plan.
- (3) The corporate authorities of the municipality shall make a formal finding of the following:
  - (i) the business district is a blighted area that, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire or other causes, or any combination of those factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use; and
  - (ii) the business district on the whole has not been subject to growth and development through investment by private enterprises or would not reasonably be anticipated to be developed or redeveloped without the adoption of the business district development or redevelopment plan.
- (4) The proposed business district development or redevelopment plan shall set forth in writing:
  - (i) a specific description of the proposed boundaries of the district, including a map illustrating the boundaries;
  - (ii) a general description of each project proposed to be undertaken within the business district, including a description of the approximate location of each project;
  - (iii) the name of the proposed business district;
  - (iv) the estimated business district project costs;
  - (v) the anticipated source of funds to pay business district project costs;
  - (vi) the anticipated type and terms of any obligations to be issued; and
  - (vii) the rate of any tax to be imposed pursuant to subsection (12) or (13) of Section 11-74.3-3 and the period of time for which the tax shall be imposed.

(Source: P.A. 93-1053, eff. 1-1-05.)

## **65 ILCS 5/11-74.3-6**

### **Sec. 11-74.3-6. Business district revenue and obligations.**

- (a) If the corporate authorities of a municipality have approved a business district development or redevelopment plan and have elected to impose a tax by ordinance pursuant to subsections (b), (c), or (d) of this Section, each year after the date of the approval of the ordinance and until all business district project costs and all municipal obligations financing the business district project costs, if any, have been paid in accordance with the business district development or redevelopment plan, but in no event longer than 23 years after the date of

adoption of the ordinance approving the business district development or redevelopment plan, all amounts generated by the retailers' occupation tax and service occupation tax shall be collected and the tax shall be enforced by the Department of Revenue in the same manner as all retailers' occupation taxes and service occupation taxes imposed in the municipality imposing the tax and all amounts generated by the hotel operators' occupation tax shall be collected and the tax shall be enforced by the municipality in the same manner as all hotel operators' occupation taxes imposed in the municipality imposing the tax. The corporate authorities of the municipality shall deposit the proceeds of the taxes imposed under subsections (b), (c), and (d) into a special fund held by the corporate authorities of the municipality called the Business District Tax Allocation Fund for the purpose of paying business district project costs and obligations incurred in the payment of those costs.

- (b) The corporate authorities of a municipality that has established a business district under this Division 74.3 may, by ordinance or resolution, impose a Business District Retailers' Occupation Tax upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of this State's government, at retail in the business district at a rate not to exceed 1% of the gross receipts from the sales made in the course of such business, to be imposed only in 0.25% increments. The tax may not be imposed on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption), prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use.

The tax imposed under this subsection and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the Department of Revenue. The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act shall permit the retailer to engage in a business that is taxable under any ordinance or resolution enacted pursuant to this subsection without registering separately with the Department under such ordinance or resolution or under this subsection. The Department of Revenue shall have full power to administer and enforce this subsection; to collect all taxes and penalties due under this subsection in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty under this subsection. In the administration of, and compliance with, this subsection, the Department and persons who are subject to this subsection shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions, and definitions of terms and employ the same modes of procedure, as are prescribed in Sections 1, 1a through 1o, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax), 2c through 2h, 3 (except as to the disposition of taxes and penalties collected), 4, 5, 5a, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 12, 13, and 14 of the Retailers' Occupation Tax Act and all provisions of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

Persons subject to any tax imposed under this subsection may reimburse themselves for their seller's tax liability under this subsection by separately stating the tax as an additional charge, which charge may be stated in combination, in a single amount, with State taxes that sellers are required to collect under the Use Tax Act, in accordance with such bracket schedules as the Department may prescribe.

Whenever the Department determines that a refund should be made under this subsection to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified and to the person named in the notification from the Department. The refund shall be paid by the State Treasurer out of the business district retailers' occupation tax fund.

The Department shall immediately pay over to the State Treasurer, ex officio, as trustee, all taxes, penalties, and interest collected under this subsection for deposit into the business district retailers' occupation tax fund. On or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to named municipalities from the business district retailers' occupation tax fund, the municipalities to be those from which retailers have paid taxes or penalties under this subsection to the Department during the second preceding calendar month. The amount to be paid to each municipality shall be the amount (not including credit memoranda) collected under this subsection during the second preceding calendar month by the Department plus an amount the Department determines is necessary to offset any amounts that were erroneously paid to a different taxing body, and not including an amount equal to the amount of refunds made during the second preceding calendar month by the Department, less 2% of that amount, which shall be deposited into the Tax Compliance and Administration Fund and shall be used by the Department, subject to appropriation, to cover the costs of the Department in administering and enforcing the provisions of this subsection, on behalf of such municipality, and not including any amount that the Department determines is necessary to offset any amounts that were payable to a different taxing body but were erroneously paid to the municipality. Within 10 days after receipt by the Comptroller of the disbursement certification to the municipalities provided for in this subsection to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the directions contained in the certification. The proceeds of the tax paid to municipalities under this subsection shall be deposited into the Business District Tax Allocation Fund by the municipality.

An ordinance or resolution imposing or discontinuing the tax under this subsection or effecting a change in the rate thereof shall either

- (i) be adopted and a certified copy thereof filed with the Department on or before the first day of April, whereupon the Department, if all other requirements of this subsection are met, shall proceed to administer and enforce this subsection as of the first day of July next following the adoption and filing; or
- (ii) be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon, if all other requirements of this subsection are met, the Department shall proceed to administer and enforce this subsection as of the first day of January next following the adoption and filing.

The Department of Revenue shall not administer or enforce an ordinance imposing, discontinuing, or changing the rate of the tax under this subsection, until the municipality also provides, in the manner prescribed by the Department, the boundaries of the business district in such a way that the Department can determine by its address whether a business is located in the business district. The municipality must provide this boundary information to the Department on or before April 1 for administration and enforcement of the tax under this subsection by the Department beginning on the following July 1 and on or before October 1 for administration and enforcement of the tax under this subsection by the Department beginning on the following January 1. The Department of Revenue shall not administer or enforce any change made to the boundaries of a business district until the municipality reports the boundary change to the Department in the manner prescribed by the Department. The municipality must provide this boundary change information to the Department on or before April 1 for administration and enforcement by the Department of the change beginning on the following July 1 and on or before October 1 for administration and enforcement by the Department of the change beginning on the following January 1. The retailers in the business district shall be responsible for charging the tax imposed under this subsection. If a retailer is incorrectly included or excluded from the list of those required to collect the tax under this subsection, both the Department of Revenue and the retailer shall be held harmless if they reasonably relied on information provided by the municipality.



A municipality that imposes the tax under this subsection must submit to the Department of Revenue any other information as the Department may require for the administration and enforcement of the tax.

When certifying the amount of a monthly disbursement to a municipality under this subsection, the Department shall increase or decrease the amount by an amount necessary to offset any misallocation of previous disbursements. The offset amount shall be the amount erroneously disbursed within the previous 6 months from the time a misallocation is discovered.

Nothing in this subsection shall be construed to authorize the municipality to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject of taxation by this State.

If a tax is imposed under this subsection (b), a tax shall also be imposed under subsection (c) of this Section.

- (c) If a tax has been imposed under subsection (b), a Business District Service Occupation Tax shall also be imposed upon all persons engaged, in the business district, in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property within the business district, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service. The tax shall be imposed at the same rate as the tax imposed in subsection (b) and shall not exceed 1% of the selling price of tangible personal property so transferred within the business district, to be imposed only in 0.25% increments. The tax may not be imposed on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption), prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use.

The tax imposed under this subsection and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the Department of Revenue. The certificate of registration which is issued by the Department to a retailer under the Retailers' Occupation Tax Act or under the Service Occupation Tax Act shall permit such registrant to engage in a business which is taxable under any ordinance or resolution enacted pursuant to this subsection without registering separately with the Department under such ordinance or resolution or under this subsection. The Department of Revenue shall have full power to administer and enforce this subsection; to collect all taxes and penalties due under this subsection; to dispose of taxes and penalties so collected in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty under this subsection. In the administration of, and compliance with this subsection, the Department and persons who are subject to this subsection shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions, and definitions of terms and employ the same modes of procedure as are prescribed in Sections 2, 2a through 2d, 3 through 3-50 (in respect to all provisions therein other than the State rate of tax), 4 (except that the reference to the State shall be to the business district), 5, 7, 8 (except that the jurisdiction to which the tax shall be a debt to the extent indicated in that Section 8 shall be the municipality), 9 (except as to the disposition of taxes and penalties collected, and except that the returned merchandise credit for this tax may not be taken against any State tax), 10, 11, 12 (except the reference therein to Section 2b of the Retailers' Occupation Tax Act), 13 (except that any reference to the State shall mean the municipality), the first paragraph of Section 15, and Sections 16, 17, 18, 19 and 20 of the Service Occupation Tax Act and all provisions of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

Persons subject to any tax imposed under the authority granted in this subsection may reimburse themselves for their serviceman's tax liability hereunder by separately stating the tax as an additional charge, which charge may be stated in combination, in a single amount, with State tax that servicemen are authorized to collect under the Service Use Tax Act, in accordance with such bracket schedules as the Department may prescribe.

Whenever the Department determines that a refund should be made under this subsection to a claimant instead of issuing credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified, and to the person named, in such notification from the Department. Such refund shall be paid by the State Treasurer out of the business district retailers' occupation tax fund.

The Department shall forthwith pay over to the State Treasurer, ex officio, as trustee, all taxes, penalties, and interest collected under this subsection for deposit into the business district retailers' occupation tax fund. On or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to named municipalities from the business district retailers' occupation tax fund, the municipalities to be those from which suppliers and servicemen have paid taxes or penalties under this subsection to the Department during the second preceding calendar month. The amount to be paid to each municipality shall be the amount (not including credit memoranda) collected under this subsection during the second preceding calendar month by the Department, less 2% of that amount, which shall be deposited into the Tax Compliance and Administration Fund and shall be used by the Department, subject to appropriation, to cover the costs of the Department in administering and enforcing the provisions of this subsection, and not including an amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of such municipality. Within 10 days after receipt, by the Comptroller, of the disbursement certification to the municipalities, provided for in this subsection to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for the respective amounts in accordance with the directions contained in such certification. The proceeds of the tax paid to municipalities under this subsection shall be deposited into the Business District Tax Allocation Fund by the municipality.

An ordinance or resolution imposing or discontinuing the tax under this subsection or effecting a change in the rate thereof shall either

- (i) be adopted and a certified copy thereof filed with the Department on or before the first day of April, whereupon the Department, if all other requirements of this subsection are met, shall proceed to administer and enforce this subsection as of the first day of July next following the adoption and filing; or
- (ii) be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon, if all other conditions of this subsection are met, the Department shall proceed to administer and enforce this subsection as of the first day of January next following the adoption and filing.

The Department of Revenue shall not administer or enforce an ordinance imposing, discontinuing, or changing the rate of the tax under this subsection, until the municipality also provides, in the manner prescribed by the Department, the boundaries of the business district in such a way that the Department can determine by its address whether a business is located in the business district. The municipality must provide this boundary information to the Department on or before April 1 for administration and enforcement of the tax under this subsection by the Department beginning on the following July 1 and on or before October 1 for administration and enforcement of the tax under this subsection by the Department beginning on the following January 1. The Department of Revenue shall not administer or enforce any change made to the boundaries of a business district until the municipality

reports the boundary change to the Department in the manner prescribed by the Department. The municipality must provide this boundary change information to the Department on or before April 1 for administration and enforcement by the Department of the change beginning on the following July 1 and on or before October 1 for administration and enforcement by the Department of the change beginning on the following January 1. The retailers in the business district shall be responsible for charging the tax imposed under this subsection. If a retailer is incorrectly included or excluded from the list of those required to collect the tax under this subsection, both the Department of Revenue and the retailer shall be held harmless if they reasonably relied on information provided by the municipality.

A municipality that imposes the tax under this subsection must submit to the Department of Revenue any other information as the Department may require for the administration and enforcement of the tax.

Nothing in this subsection shall be construed to authorize the municipality to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject of taxation by the State.

If a tax is imposed under this subsection (c), a tax shall also be imposed under subsection (b) of this Section.

- (d) By ordinance, a municipality that has established a business district under this Division 74.3 may impose an occupation tax upon all persons engaged in the business district in the business of renting, leasing, or letting rooms in a hotel, as defined in the Hotel Operators' Occupation Tax Act, at a rate not to exceed 1% of the gross rental receipts from the renting, leasing, or letting of hotel rooms within the business district, to be imposed only in 0.25% increments, excluding, however, from gross rental receipts the proceeds of renting, leasing, or letting to permanent residents of a hotel, as defined in the Hotel Operators' Occupation Tax Act, and proceeds from the tax imposed under subsection (c) of Section 13 of the Metropolitan Pier and Exposition Authority Act.

The tax imposed by the municipality under this subsection and all civil penalties that may be assessed as an incident to that tax shall be collected and enforced by the municipality imposing the tax. The municipality shall have full power to administer and enforce this subsection, to collect all taxes and penalties due under this subsection, to dispose of taxes and penalties so collected in the manner provided in this subsection, and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty under this subsection. In the administration of and compliance with this subsection, the municipality and persons who are subject to this subsection shall have the same rights, remedies, privileges, immunities, powers, and duties, shall be subject to the same conditions, restrictions, limitations, penalties, and definitions of terms, and shall employ the same modes of procedure as are employed with respect to a tax adopted by the municipality under Section 8-3-14 of this Code.

Persons subject to any tax imposed under the authority granted in this subsection may reimburse themselves for their tax liability for that tax by separately stating that tax as an additional charge, which charge may be stated in combination, in a single amount, with State taxes imposed under the Hotel Operators' Occupation Tax Act, and with any other tax.

Nothing in this subsection shall be construed to authorize a municipality to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject of taxation by this State.

The proceeds of the tax imposed under this subsection shall be deposited into the Business District Tax Allocation Fund.

- (e) Obligations issued pursuant to subsection (14) of Section 11-74.3-3 shall be retired in the manner provided in the ordinance authorizing the issuance of those obligations by the receipts of taxes levied as authorized in subsections (12) and (13) of Section 11-74.3-3. The ordinance shall pledge all of the amounts in and to be deposited in the Business District Tax Allocation Fund to the payment of business district project costs and obligations. Obligations issued pursuant to subsection (14) of Section 11-74.3-3 may be sold at public or private sale at a price determined by the corporate authorities of the municipality and no referendum approval of the electors shall be required as a condition to the issuance of those obligations. The ordinance authorizing the obligations may require that the obligations contain a recital that they are issued pursuant to subsection (14) of Section 11-74.3-3 and this recital shall be conclusive evidence of their validity and of the regularity of their issuance. The corporate authorities of the municipality may also issue its obligations to refund, in whole or in part, obligations previously issued by the municipality under the authority of this Code, whether at or prior to maturity. All obligations issued pursuant to subsection (14) of Section 11-74.3-3 shall not be regarded as indebtedness of the municipality issuing the obligations for the purpose of any limitation imposed by law.
- (f) When business district costs, including, without limitation, all municipal obligations financing business district project costs incurred under Section 11-74.3-3 have been paid, any surplus funds then remaining in the Business District Tax Allocation Fund shall be distributed to the municipal treasurer for deposit into the municipal general corporate fund. Upon payment of all business district project costs and retirement of obligations, but in no event more than 23 years after the date of adoption of the ordinance approving the business district development or redevelopment plan, the municipality shall adopt an ordinance immediately rescinding the taxes imposed pursuant to subsections (12) and (13) of Section 11-74.3-3.

(Source: P.A. 93-1053, eff. 1-1-05; 93-1089, eff. 3-7-05.)

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