

# **BUSINESS DISTRICT PLAN**

**South Route 45**

Prepared for  
**City of Mattoon, Illinois**

Prepared by:

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**ACKNOWLEDGEMENTS**

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## SECTION 1 INTRODUCTION

### PURPOSE

The City of Mattoon (the "City ") recognizes that its long-term viability depends, in part, on maintaining the strength of its commercial base. The City hereby determines that it is essential to its economic and social welfare to identify and promote opportunities for development, redevelopment, and private investment in order to attract sound and stable commercial growth, thereby enhancing the tax base of the City. The City is proceeding with the adoption of the Business District Plan without the designation of a developer(s). The project concept involves multiple developments and activities occurring over the life of the Plan. These developments and activities may include large to small scale developments undertaken by multiple developers as well as projects involving other Interested Parties (individual property owners and/or the City). In the context of this plan, the term "Developer" (or "developer") is intended to mean any of these entities. The City will likely serve as "Master Developer", coordinating the development/redevelopment projects by the private sector and public improvements. The City will adopt policies and procedures to guide and prioritize project implementation. 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".

In order to facilitate commercial development and expansion of the retail and commercial base, an area located to the north of the intersection of Interstate 57 and Route 45 has been identified by the City for designation under the provisions of Division 74.3 (Business District Development and Redevelopment) of Article 11 (Public Health, Safety and Welfare) 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 of future development activity to further the City's goal of promoting the development of and investment in real estate and industry thereby enhancing the tax base of the City and improving its ability to compete with neighboring communities. The proposed redevelopment of the Area is vital to the improvement of the City's position as a regional center for commerce and economic activity by increasing the City's ability to capitalize on its location attributes. The City has chosen to name the Business District the "South Route 45 Business District" (the "Area" or "Business District"). The Area includes parcels located on the east and west sides of US Route 45 immediately north of Interstate 57. The Area contains seventeen parcels; thirteen parcels are improved with either structures or parking lots, and four parcels are agricultural or vacant/undeveloped land. The boundaries of the South Route 45 Business District are shown on **Attachment A South Route 45 Business District Location Map** and are described by metes and bounds in **Attachment B, Business District Legal Description**. Both of these items are located in the **Appendix** to this South Route 45 Business District Plan (the "Plan" or "Business District Plan").

### AREA BACKGROUND AND NEED FOR THE DISTRICT

The City of Mattoon is akin to many Midwestern communities which are in need of assistance to improve their economic and social welfare. The strong growth brought about by the railroad and western expansion has long been halted, leaving behind a declining population and a fragile tax

base. The industries which dominated the economic landscape of the community over the last century, coal mining and manufacturing, now make up only a small fraction of the industry base. In addition to a declining population and shifting industry base the City of Mattoon finds itself in tough competition with neighboring communities for tax dollars. The City is located in central Illinois sixty miles south of Urbana-Champaign (home to University of Illinois) and twenty-five miles north of Effingham. Both communities are growing faster than Mattoon in terms of population and commercial development, and offer strong competition for private investment.

Mattoon is served by Interstate 57 and includes two interstate interchanges, one on the south side of the City at US Route 45 (containing the South Route 45 Business Development Area) and another on the east side of the City at IL Route 16. While the two interchanges are only five miles apart and the market area demographics and traffic counts are comparable, the two interchanges differ greatly in terms of commercial development. Commercial development around the interchange of I-57 and IL Route 16 far exceeds that which has occurred at I-57 and US Route 45. Presently developments at I-57 and IL Route 16 include big box retailers and large hotel chains, whereas property around I-57 and US Route 45 has seen little commercial investment.

As a result of the City's past challenges and ongoing strong competition, steps have been taken to better position the City to compete. In 2000, the City procured the Mattoon, All Aboard Strategic Plan (the "Strategic Plan") which identified weaknesses and threats to growth including; dilapidated buildings, out-migration of youth, decline of social fiber, absence and/or lack of entertainment and fine dining, lack of short and long range planning, lack of consistent zoning and code enforcement, and an aging infrastructure. The Strategic Plan recommended the use of state financial tools to encourage development, investment, and growth of the economic base. One notable outcome of the strategic plan was the development of the Mattoon Midtown Redevelopment Project Area in 2003. The Mattoon Midtown Redevelopment Project Area has resulted in improvements to that portion of the City including new restaurant and entertainment venues. Based on these experiences and successes the City plans to use financial tools to spur growth and opportunity in the South Route 45 Business District.

The South Route 45 Business District offers opportunity for development, redevelopment and sound commercial growth in the City of Mattoon. The Area is an excellent location for commercial businesses and industries that require visibility and close access to highway transportation. Additionally, the Area is located near major demand generators. It is less than one-half mile north of the Lakeland Community College campus (with current enrollment of 7,400), three miles south of Midtown Mattoon, and thirteen miles southwest of Eastern Illinois University (with current enrollment of 12,000). The Business District Program will help enhance development of and investment in industry, business and housing improving the marketability of the property, thereby enhancing the tax base of the City.

While there is strong interest in redevelopment, as well as potential for new commercial development, within the Area, there are conditions in place that continue to deter private investment. Commercial development in the Area is impossible without assistance due to the extraordinary development costs associated with the aging and/or lacking transportation infrastructure, site utilities, and existing building conditions. Economic Assistance will allow private investors to redevelop the Area and make it commercially viable.

In spite of obstacles, this Area provides an excellent opportunity for the City to enhance its tax base and encourage commercial development. Economic Assistance to the Area through the

Business District and/or other sources will allow the Developer(s) and/or other Interested Parties to address the extraordinary costs of redevelopment as well as preparing the Area for new commercial development. The objective of such assistance is to aid in the improvement and redevelopment costs including demolition, transportation and utility infrastructure, etc. and to prepare the Area for development in its highest and best use; and, assist the City and other affected taxing jurisdictions to grow and expand the local commercial 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 to the municipality's comprehensive plan. This 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 acquired pursuant 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 South Route 45 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 [see Section I of the Plan for a description of subsection (12) and (13)], 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 G**.

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 report will discuss the *redevelopment plan* (Sec. 11-74.3-5(4)). It is the intent of the City to impose a Business District Retailers Occupation Sales Tax, a Business District Service Occupation Sales Tax, and a Business District Hotel Operator’s Occupation Tax to support Business District activities.

## **QUALIFICATIONS ANALYSIS**

The existing conditions were identified and analyzed to determine if the South Route 45 Business District Area meets the qualifying criteria. Information gathered for this analysis was derived from several sources including the City of Mattoon, Coles County Regional Planning, and other sources considered reliable.

### ***Deterioration of Site Improvements***

The extent to which structures and site improvements on a property are showing signs of deterioration is an indicator of the property’s stability and market value for the existing uses and for potential reuse by others. To varying degrees, there is evidence of deterioration and/or dilapidation of site improvements throughout the Area. These conditions are based on exterior site reviews conducted by experienced PGAV staff on August 8, 2006 and October 24-25, 2006.

Building maintenance has been deferred on the majority of site improvements to a point where a wide range of deteriorated conditions are becoming very visible. For example:

- The presence of peeling paint and deferred maintenance of window components, doors, siding, gutters, soffit, and roof fascia and material exists throughout the Area;
- The vacant Service Station has deteriorated windows, doors, gutters, bricks and mortar as well as dilapidated siding and roofing materials;

- The vacant Hotel has dilapidated windows, doors, bricks and mortar, siding and roofing materials. Parts of the interior of the building show water damage with collapsed ceiling and wall material;
- The Budget Inn has peeling paint, deteriorated steps, windows, and gutters; and,
- The Marathon service station has peeling paint, damaged or missing siding, and damaged or missing gutters.

In addition, other site improvements (i.e. streets, parking areas, etc.) also demonstrate signs of deterioration. Examples include:

- The Marathon service station has a broken sign, outside storage of junk, and deteriorated pavement;
- The Budget Inn has a deteriorated fence, broken sign, and deteriorated parking lot;
- The vacant hotel has a broken sign, deteriorated entryway pavement and parking lot,
- Paradise Road and Carter Lane exhibit deteriorated pavement, and a lack of curb and guttering; and,
- Some properties with site improvements in the Area show deteriorated pavement, lighting, and trash and debris.

The preceding conditions are documented in **Attachment D, Photo Appendix**.

With the exception of the M & M Pump Supply Inc. building on Paradise Road, all of the existing structures within the Area are older than or near 35 years of age. The significance of structure age and the 35-year standard reflects on the ability of existing buildings to meet current City building and development code standards and also relates to the ability for the buildings to accommodate long-term uses. Additionally, structures 35 years of age and older typically require major reinvestment in roofs, facades, windows, HVAC systems, electrical and mechanical systems, driveways and other paved areas which all have significant replacement/repair costs and if allowed to accumulate said costs may exceed the value of the structure.

### ***Defective and Inadequate Street Layout***

One of the primary inhibitors to development and a significant contributor to the lack of redevelopment in the Area is the presence of a defective or inadequate street layout. The existing roadway layout is inadequate to support current development patterns and future uses envisioned by the City.

The Area includes property located on the east and west sides of US Route 45 immediately north of Interstate 57. All parcels abutting US Route 45 have direct access, except for the

parcels fronting the west side of US Route 45 between Paradise Road and Interstate 57, including the vacant hotel and service station. The only access to those properties is off of deteriorated entrances on Paradise Road. The lack of direct access to US Route 45 significantly impedes the future redevelopment of those properties. In order for the Area to benefit from its position and visibility it must be made more accessible. Economic assistance is necessary in order to overcome the extraordinary costs associated with the lack of existing or inadequate road infrastructure of the Area.

The remaining properties on the south side of Paradise Road, including commercial, residential, and vacant properties only have access through Carter Lane, a deteriorated private road that is not represented in current platting. Carter Lane lacks curb and gutter and properties access the road by way of the deteriorated shoulder. Additionally, the street conditions in the Area on the whole are deteriorated.

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

Platting commonly refers to the subdivision of land into individual lots with streets, alleys, easements, etc. Obsolete platting refers to parcels of limited or narrow size and configuration of/or parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements.

Many of the properties located in the Area are characterized by a long, narrow configuration. The lot sizes and configurations do not meet the needs or standards of modern businesses for commercial uses. The narrow lot widths result in buildings that are too small to accommodate modern commercial uses while providing adequate parking and ingress/egress. Additionally, irregularly shaped lots have impeded development in the Area by isolating properties. In one case, the irregularity of these parcels has resulted in a “land locked” property. This “land locked” property is not provided with appropriate access from public rights-of-way. The irregularly shaped parcels and/or the inability to directly access public rights-of-way from “land locked” properties significantly impedes the development or redevelopment of these properties into the highest and best uses for the Area.

### ***Economic Liability***

The Business District is located in a highly visible location adjacent to the highway and very near demand generators. Under normal conditions, this Area should be expected to develop commiserate with neighboring commercial properties. However, the extraordinary costs of redevelopment, inadequate street layout, etc. render the Area un-developable consistent with its highest and best use – commercial development. The inability to remediate the redevelopment impediments, thereby encouraging the Area to remain in disrepair, is an economic liability for the City of Mattoon. Without new development or significant redevelopment in the Area, a pre-eminent location for commercial development within the City, it shall not generate the appropriate real estate, sales or hotel tax revenues resulting from the “highest and best use” of the property. In effect, without the remediation of redevelopment impediments, the Area has an inability to pay reasonable taxes based on the planned uses, in comparison to nearby growth and development. The Area, on the whole, has not been subject to growth and development through investment by private enterprise and would not reasonably be developed or

redeveloped without the use of Business District financing or other sources of public financing to remove the impediments that exist at this location.

The Equalized Assessed Valuation (EAV) (or the equivalent "appraised" or market valuation) of the Business District Area is one accepted measure of the economic viability of an area. The current and historical EAV of the Area provides evidence to indicate that the Area is an economic liability to the City and other taxing districts in its present condition and use. **Attachment E, Parcel Identification and Most Recent EAV (2005)** located in the **Appendix** shows the current ownership and most recent EAV for parcels in the Area. **Table 2-1, Historic Assessed Value** demonstrates the average change in assessed value for the Area between 2000 and 2005. The EAV information compiled for Table 2-1 was obtained from the Cole County Assessor's office in July of 2006. The Area, as a whole, has not generated significant growth in real property taxes, and has declined for the past four years. There has not been private investment in the Area that has significantly enhanced the tax base of the City and other affected taxing districts. The total EAV of the Area, in 2000 was approximately \$484,110, and grew to \$490,400 in 2005 with a total growth of 0.01%. The data clearly indicates that the Area is suffering from stagnation overall, but more precisely is in decline. From 2001 to 2005 the total EAV of the Area dropped \$129,110 or 20.84%.

**Table 2-1  
Historic Assessed Value  
South Route 45 Business District  
City of Mattoon, IL**

<b>Year</b>	<b>Area Assessed Value</b>	<b>Area % Change Over Previous Year</b>
<b>2000</b>	\$484,110	
<b>2001</b>	\$619,510	27.97%
<b>2002</b>	\$618,930	-0.09%
<b>2003</b>	\$615,610	-0.54%
<b>2004</b>	\$538,260	-12.56%
<b>2005</b>	\$490,400	-8.89%
<b>Total Change 2000-2005</b>	\$6,290	0.01%
<b>Average Annual Change 2000-2005</b>	\$1,258	0.00%

**QUALIFICATION SUMMARY**

There are a variety of blighting conditions present in the South Route 45 Business District that represent those outlined in the Act. These include:

- Site improvements in the Area display signs of depreciation and a lack of physical maintenance and deterioration;

- The existing street layout is defective and inadequate to meet the current or future needs of the Area;
- The Area suffers from obsolete platting which impedes unified development for commercial purposes;
- The EAV trends and vacancies seen in the Area indicate that a blighting influence exists;
- Unless a program of redevelopment can be devised to eliminate the blighting influences that exist within the Area, further physical and economic decline is likely and investment of the type the City envisions as appropriate and economically feasible for the Area will not occur; and,
- The combination of conditions and factors present in the Area contribute to making the Area an economic liability to the City and the taxing districts in its present condition and use.

Thus, if taken as a whole, the Area 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 Business District as a business district under the Act and imposing a tax pursuant to subsections (12) or (13) of Section 11-74.3-3 of the Act. The Area represents a portion of the City 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.

## SECTION 3 BUSINESS DISTRICT DEVELOPMENT PLAN

### DESCRIPTION OF THE BUSINESS DISTRICT

The Area is generally located on the east and west sides of US Route 45 immediately north of Interstate 57. The Area contains seventeen parcels; thirteen parcels are improved with either structures or parking lots, and four parcels are agricultural or vacant/undeveloped land. The boundaries of the South Route 45 Business District are shown on **Plate 1, South Route 45 Business District Location Map** in **Attachment A** and are described by metes and bounds in **Attachment B, Business District Legal Description**. The Area comprises approximately 40 acres of the City.

### FUTURE LAND USE AND ZONING

The proposed General Land Use Plan for the Business District Area is presented on **Plate 2** entitled **General Land Use Plan** in **Attachment C** of the **Appendix**. The Plan calls for a commercial use for the Business District. Furthermore, all projects shall be subject to the provisions of the City of Mattoon's zoning ordinance and other applicable codes as may be in existence and that may be amended from time to time.

The general land use proposed in this Business District Plan is consistent with the City's Comprehensive Plan, as amended. In addition, all development in the Business District will comply with applicable codes and ordinances as may be in effect at that time.

### THE BUSINESS DISTRICT DEVELOPMENT PROJECTS

The development goals of the City of Mattoon for the South Route 45 Business District envision a development program resulting in private investment in the Area. The ingredients for the ultimate success of the Program are financial assistance and the improvement and expansion of public infrastructure (roads, water lines, storm and sanitary sewers, and other utilities). The satisfaction of these needs will lead to development in the Area that will generate revenue to support the Business District.

The conceptual development program for the Plan proposes public transportation and utility infrastructure projects as well as private investment in the redevelopment and development of existing and new commercial buildings. The proposed roadway construction Projects are required to support various development activities planned for the Area. Key Projects for the Plan include:

1. Construction of a frontage road for access to the west side of South Route 45 beginning at Paradise Road south to Interstate 57;
2. Acquisition of the privately held Carter Lane;

3. Improvements to Carter Lane such as adding curb and guttering;
4. Other miscellaneous roadway improvements will also be constructed to serve the needs of the Program;
5. Utility trunk lines (e.g. water, sanitary sewer, telephone, etc.) constructed or reconstructed in road right-of-way or other public easements;
6. The redevelopment of the existing vacant hotel property;
7. The development of a new tire and auto facility; and
8. The facilitation of private investment for new construction and existing building expansion.

The objective of the Business District Plan is to address several desires of the City of Mattoon including enhancement of commercial business opportunities, increasing economic activity, as well as utilizing the Business District's advantages of good visibility and access to and frontage on US Route 45. All land uses and aspects of the development program will 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 description of the Business District Plan outlines the development goals and objectives of the City for the Area. However, it is important to note that the Business District Plan may only generally represent the development program that is ultimately built, or as may be negotiated between the City and the Developer(s). Therefore, it is important that this Plan be viewed as representing a framework for the development concept and the City's financial participation (or "Economic Development Assistance") in the Project. This Plan is subject to future amendment by the City, if necessary, and it should not be construed to limit developer participation. The Plan, in concept, fulfills the development goals and objectives of the City for the Business District.

As discussed previously, given the site conditions and lack of infrastructure, many site-related and public improvements will be needed including:

- Property acquisition and building redevelopment (most notably the vacant hotel property);
- Storm water, road improvements, and other infrastructure;
- Utility Infrastructure (i.e. sewer, water, electrical and gas facilities);
- Environmental remediation (i.e. underground gas tanks, asbestos removal, etc.);
- Professional services fees and City administration services related to the Business District Program and its Projects; and
- Other costs as permitted under the Act.

## BUSINESS DISTRICT OBJECTIVES

### Objective #1: Establishment of a hotel in Mattoon.

The establishment of an additional hotel facility will enhance the City's competitive position as a destination for visitors to the central Illinois region. The redevelopment of a current vacant hotel property will provide hotel alternatives currently unavailable in the area.

### Objective #2: Provide competitively priced property for attraction of commercial development

Financial assistance for property/site acquisition, building redevelopment, site preparation, and infrastructure improvements will allow the Area to effectively compete for new commercial development. Communities are providing similar assistance to private businesses to decrease development costs associated with retail and commercial projects. Mattoon's development opportunity areas must now compete against other TIF, business districts, and sales tax rebate agreements offered throughout the region, effectively writing down new income and values. If Mattoon is to succeed in attracting major new commercial developments, it is essential that the Area be provided with comparable assistance to effectively compete with neighboring communities. By answering the public infrastructure and unique redevelopment needs inherent to the Area, development will occur as quickly as market conditions will allow and with development of a higher caliber.

### Objective #3: Expansion of Mattoon's economic base.

The Project will attract outside consumer and visitor spending to the City, thereby expanding Mattoon's economic base. This Project is expected to generate new jobs and new taxes, as well as revitalize a portion of an older commercial corridor, improve access to Area properties and facilitate access to adjacent properties. The South Route 45 Business District has the potential to attract retail and service businesses and improve Mattoon's ability to compete with neighboring communities.

### Objective #4: Stimulate development in Mattoon

One of the major precepts of providing public economic development assistance to private businesses is the expectation that a public investment in one project will stimulate additional private sector investment in properties around the development or within the community. An investment in this Project will not only generate an immediate return to the City, but may cause increased development of other commercial, residential, and industrial properties in the City. Significant real estate investments attract other real estate investment. The South Route 45 Business District will assist in "re-positioning" the Mattoon real estate market. In effect, the City will realize a return on their investment at an accelerated rate.



## PRIVATE DEVELOPMENT ACTIONS

The City is expected to solicit and actively negotiate with one or more Interested Parties and/or the Developer(s), to carry out the conceptual development program project(s) envisioned. At this time, the City is negotiating the terms of Economic Development Assistance with one potential Developer and one Interested Party as part of the City's public assistance for certain Projects in the Area (the proposals submitted by these parties are located in **Attachment F** in the **Appendix**). Business District Projects are anticipated to be undertaken by the Developers upon establishment of the District. Future development in the Area 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 under Illinois statutes.

## PUBLIC DEVELOPMENT ACTIONS

As noted above, the City intends to provide, and may enter into an agreement with the Developer(s) and/or other Interested Parties for implementation of certain Projects in the Area and to provide, certain public improvements and extraordinary project costs in the Area to stimulate private investment by enhancement of the immediate Area and to serve the needs of commercial development.

## BUSINESS DISTRICT PROJECT COSTS

The following Project costs are anticipated as a result of the Public Development Actions expected to be undertaken by the Developer(s) 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/or other Interested Parties. Economic development assistance shall include all or part of the eligible expenditures for Project-related public improvements extraordinary Business District Project costs as shown on **Table 3-1, 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. This table 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. Specific limitations on such cost items and any distribution between them will be specified in development agreements by and between the City and any developer(s).

**THE NEED FOR PUBLIC FINANCIAL ASSISTANCE**

The objectives of the South Route 45 Business District, to induce private investment, develop and improve infrastructure, redevelop existing property, and bring properly prepared property to the market at an acceptable price given the location within the market, access and visibility, and demographics are not possible without financial assistance. Without the requested assistance, the Developer and/or other Interested Parties will be unable to absorb the “extraordinary costs” associated with development and redevelopment while maintaining an economically viable project. The public financial assistance is intended to ensure a high-quality development that will induce the expenditure of private funds creating Projects which will have long-term economic benefits for the City and other taxing districts. This “but for” position has been expressed by two development entities which submitted proposals to the City in response to a Request for Development Proposal issued by the City. Documentation submitted by these private entities is located in **Attachment F** of the **Appendix**.

**Table 3-1  
Estimated Business District Project Costs  
South Route 45 Business District**

<b>Description</b>	<b>Estimated Cost</b>
<b>A. Property Assembly &amp; Building Rehabilitation</b> (Acquisition of property and building redevelopment)	\$ 700,000
<b>B. Construction of Frontage Road on US Route 45</b>	\$ 1,300,000
<b>C. Acquisition of Carter Lane</b>	\$ 700,000
<b>D. Carter Lane Improvements</b>	\$ 200,000
<b>E. Other Roadway and Infrastructure Improvements</b>	\$ 300,000
<b>F. Environmental Remediation</b>	\$ 200,000
<b>G. Planning, Legal &amp; Professional Services</b>	\$ 100,000
<b>Total Estimated Budget</b>	<b>\$ 3,500,000</b>

**Notes:**

1. All costs shown are in 2007 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.

## 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 Sections 11-74.3-3(13) and 11-74.3-6 of 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 not to exceed 1% of the gross receipts from the sales made in the course of such business. The tax may not be imposed on 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 not to exceed 1% of the selling price of tangible personal property so transferred within the business district. The tax may not be imposed on 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 not to exceed 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.

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 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 Council adopting this Plan and designating the Business District as a business district under the Act (the "Commencement Date").

The Business 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 each 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 at 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 or 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 the Business District in the City of Mattoon, Coles County, Illinois.
- 2) The designation of the Business District as identified in this Plan and more specifically described in **Attachment A** and **Attachment B**, will assure opportunities for development, and attraction of quality commercial growth to the City.
- 3) This Plan and the Business District conform with the City's Comprehensive Plan, as amended.
- 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 use of the powers for the development and redevelopment of the Business District as provided in this Plan and 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 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 enterprises or would not reasonably 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.

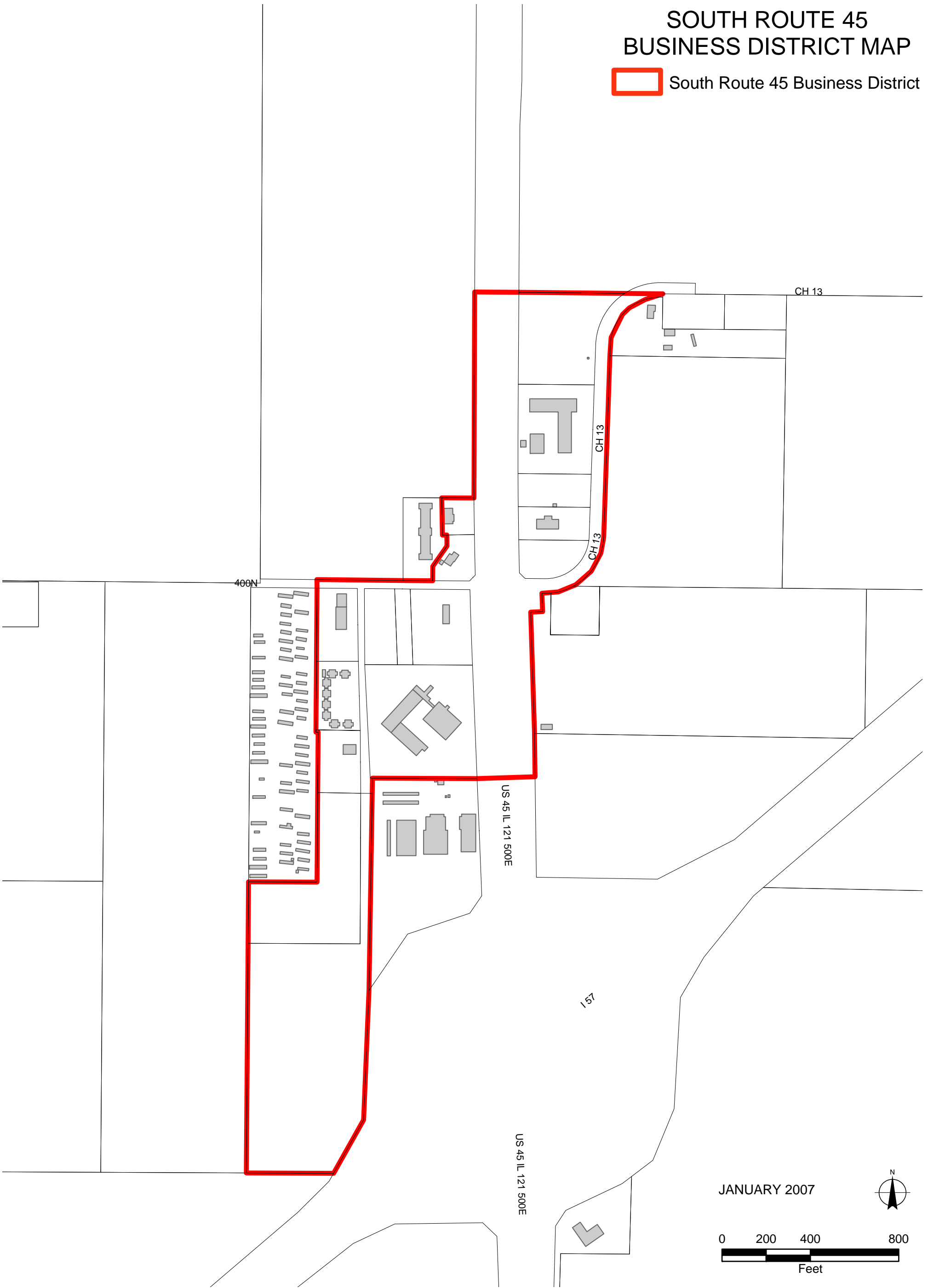
# **APPENDIX**

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**Attachment A**  
**Business District Location Map**

# SOUTH ROUTE 45 BUSINESS DISTRICT MAP

 South Route 45 Business District





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**Attachment B**  
**Business District Legal Description**

LEGAL DESCRIPTION  
FOR  
SOUTH ROUTE 45 BUSINESS DISTRICT  
MATTOON, ILLINOIS

A tract of land being a part of the Southwest Quarter of Section 36, Township 12 North, Range 7 East of the Third Principal Meridian; the Northwest Quarter and Southwest Quarter of Section 1, Township 11 North, Range 7 East of the Third Principal Meridian; the Northeast Quarter and Southeast Quarter of Section 2, Township 11 North, Range 7 East of the Third Principal Meridian, and part of the Southeast Quarter of Section 35, Township 12 North, Range 7 East of the Third Principal Meridian, Coles County, Illinois, being described as follows:

Beginning at the Northwest corner of the Southwest Quarter of the Southwest Quarter of said Section 36; thence North  $87^{\circ} 47' 27''$  East, 138.40 feet along the North line of Southwest Quarter of the Southwest Quarter of said Section 36 to the Northwest corner of a tract described in Warranty Deed on Document Number 681624 in the Coles County Recorder's Office; thence North  $87^{\circ} 47' 27''$  East, 447 feet more or less along the North line of said tract to a point being on the Northwestern Right-of-Way line of S.A. Route 19 Station 67+22.2, 33 feet left; thence Southeasterly 66.00 feet to the Southeastern Right-of-Way line of S.A. Route 19; thence along the Southeastern Right-of-Way line on a curve to the left in a Southwestern direction, concave to the Southeast with a radius of 227.44 feet to a point of tangency; thence South along the Eastern Right-of-Way line of S.A. Route 19, 869.23 feet to a point of curvature at S.A. Route 19 Station 55+72.93, 33 feet right; thence along the Southeastern Right-of-Way line on a curve to the right in a Southwesterly direction, concave to the Northwest with a radius of 263.00 feet to a point of intersection with the Eastern Right-of-Way of S.B.I. Route 25 (US Route 45); thence Southerly along the Eastern Right-of-Way line of S.B.I. Route 25 (US Route 45) as monumented and occupied on the following described courses: Southerly to S.B.I. Route 25 Station 31+63.93, 200.00 feet left; Westerly to S.B.I. Route 25 (U.S. Route 45) Station 31+63.93, 146.22 feet left; Southerly to S.B.I. Route 25 (U.S. Route 45) Station 37+08.79, 137.4 feet left more or less; thence Westerly to the Westerly Right-of-Way line of S.B.I. Route 25 (U.S. Route 45) Station 37+08.79, 125 feet right, point being the Southeast corner of a tract as described in Warranty Deed on Document Number 605770 recorded in Coles County Recorder's Office; thence North  $89^{\circ} 43' 50''$  West, 477.16 feet along the South line of said tract described on Document Number 605770 to a point being the Northwest corner of a tract as described in Warranty Deed on Document Number 681889; thence Southerly along the Westerly boundary of said tract described on Document Number 681889 to the Northwesterly Right-of-Way line of F.A.I. Route 57 and relocated S.B.I. Route 25 (U.S. Route 45) interchange as monumented and occupied; thence Southwesterly 14.6 feet along said Right-of-Way to F.A.I. Route 57 Station 503+00, 680 feet left; thence Southerly 587.3 feet along said Right-of-Way to F.A.I. Route 57 Station 499+00, 250 feet left; thence Southwesterly 271.6 feet along said Right-of-Way to F.A.I. Route 57 Station 496+45, 156.50 feet left, point also being on the South line of the Northeast Quarter of Section 2, Township 11 North, Range 7 East of the Third Principal Meridian; thence West along the South line of the Northeast Quarter of said Section 2 to the West line of the East

half of the Northeast Quarter of said Section 2; thence North along the West line of the East half of the Northeast Quarter of said Section 2 to the Southwest corner of a tract as described in a Trustee's Deed on Book 874 at Page 300 on Document Number 567599 in the Coles County Recorder's Office; thence Easterly 310 feet along the South line of said tract on Document Number 567599 to the Southeast corner of said tract; thence Northerly 702.50 feet along the East line of said tract on Document Number 567599 to the Northeast corner of said tract; thence Westerly 10.00 feet along the North line of said tract on Document Number 567599 to the Southeast corner of a tract as described in a Deed labeled Trailer Park Property on Book 788 at Page 303 in the Coles County Recorder's Office; thence Northerly 660 feet along the East line of said Trailer Park Property to the North line of the Northeast Quarter of said Section 2; thence continue North 20 feet to the Northern Right-of-Way line of Lake Paradise Road; thence Easterly along the Northern Right-of-Way of said Lake Paradise Road to the Southeast corner of the L & K Motel Parcel as described in a Trustee's Deed as Tract II on Document Number 593383 in the Coles County Recorder's Office; thence along the Eastern boundary of said L & K Motel Parcel on the following described courses: North 00° 16' 10" East, 64.82 feet, more or less; North 34° 47' 42" East, 112.06 feet; North 01° 00' 27" West, 50.00 feet; South 88° 59' 33" West, 20.00 feet; North 01° 00' 27" West, 169.11 feet to the Northeast corner of said L & K Motel parcel, point also being the Northwest corner of L & K Restaurant Parcel as described as Tract I on Document Number 593383 in the Coles County Recorder's Office; thence South 89° 43' 50" East, 145.78 feet more or less to a point the Westerly Right-of-Way line of S.B.I. Route 25 (U.S. Route 45); thence Northerly 950.13 feet more or less to S.B.I. Route 25 (U.S. Route 45) Station 14+85, 100 feet right; thence Easterly to the Point of Beginning.






Prepared by:           HDC Engineering, L.L.C.  
                          201 W. Springfield Ave.  
                          Champaign, IL 61820

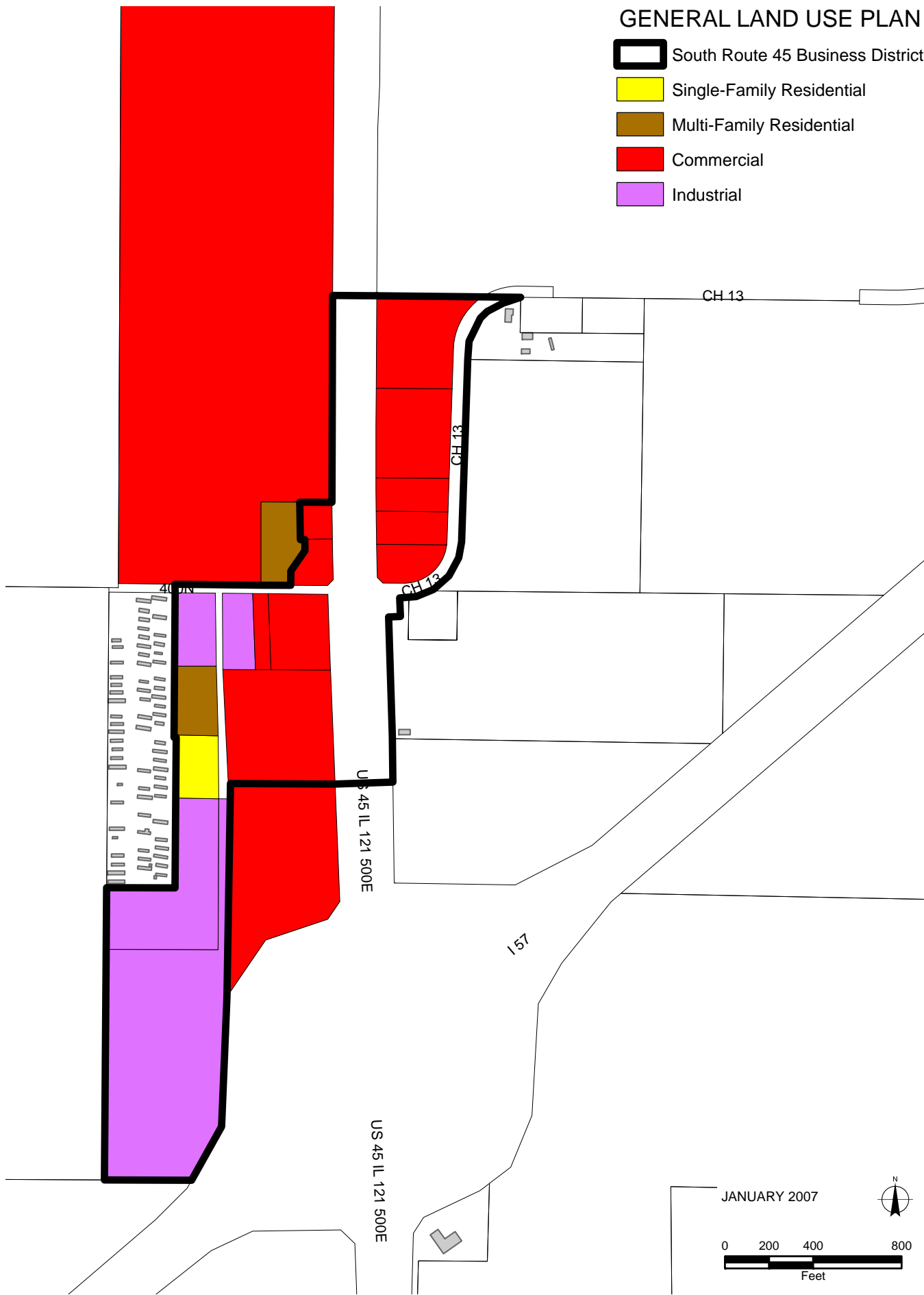
Date:                    January 26, 2007

HDC Project No.:      06491



# GENERAL LAND USE PLAN

-  South Route 45 Business District
-  Single-Family Residential
-  Multi-Family Residential
-  Commercial
-  Industrial



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**Attachment D**  
**Photo Attachment**



Broken and leaning light on Mattoon Heating and Air Conditioning parking lot. Note deteriorated parking lot pavement.



Broken window and damaged soffit on Marathon Service Station building at northwest corner of Paradise Road and South Route 45.



Damaged fascia and siding on storage building at Marathon Service Station lot. Note the outside storage of junk.



Broken Marathon Service Station sign. Note the rusted sign poles in the back.



Rear of Marathon Service Station. Note the missing downspouts and deteriorated fascia.



Dilapidated two-family apartment building on Carter Lane. Note deteriorated siding and broken windows.



Dilapidated two-family apartment building with deteriorated siding and boarded windows.



Dilapidated two-family apartment building. Note deteriorated pavement and broken windows.



Deteriorated shoulder and insufficient drainage on Carter Lane.



Deteriorated fascia on residence on Carter Lane.



Deteriorated fascia on front of residence.



Deteriorated fascia on front of residence.





Deteriorated lot and outside storage of plumbing supply company at Paradise and Carter Lane..



Deteriorated parking lot of vacant hotel.



Rear of vacant hotel.



Rear of vacant hotel with deteriorated bricks and mortar.



Deteriorated door and parking lot of vacant hotel



Rear of vacant hotel. Note water damage on bricks and mortar.



Deteriorated fascia on front entrance of vacant hotel.



Peeling paint and deteriorated siding on front of vacant hotel.



Peeling paint and deteriorated bricks and mortar on side of vacant hotel.



Peeling paint and deteriorated site of vacant hotel.



Standing water at entrance to vacant hotel on shoulder of Paradise Road.



Standing water on deteriorated parking lot in rear of vacant hotel.



Standing water on south side of Paradise Road.



Falling ceiling tiles on floor of hallway in vacant hotel. Note the mold on the base of the walls.



Water damage on ceiling tiles in vacant hotel.



Standing water and broken floor tiles in entrance to vacant hotel.



Broken sign on south side of vacant hotel property.



Deteriorated vacant service station at the southwest corner of Paradise Road and South Route 45.



Falling and missing fascia and siding on vacant service station.



Falling and missing brick siding on vacant service station.



Deteriorated parking lot of vacant service station



Falling and missing brick siding on vacant service station. Note boarded doors.



Deteriorated roofing material on McDonald's on east side of South Route 45.



Broken sign on east side of South Route 45.



Deteriorated fence on Budget Inn.



Deteriorated stairs and parking lot of Budget Inn.



Peeling paint and rusting stairs on Budget Inn.



Damaged gutter on Budget Inn building.



**ATTACHMENT E**  
**PIN List, 2005 EAV and Property Owner (Tax Payer)**  
**South Route 45 Business District**  
**City of Mattoon, Illinois**

PIN	Taxpayer	2005 EAV	Address
07-1-01388-000	Paulson, Doug	\$19,660	4213 Lake Land Blvd Mattoon, IL 61938
07-1-01380-000	Dunn, Robert and Elizabeth	\$30,400	4025 U.S. Highway 45 Mattoon, IL 61938
07-1-01425-000	Fuller, Michael and Kimberly	\$880	308N County Road 200E Mattoon, IL 61938
07-1-01420-000	Ram Realty Corp.	\$114,630	4134 U S Highway 45 Mattoon, IL 61938
07-1-01426-000	First Mid Illinois Bank and Trust	\$32,440	P. O. Box 386 Charleston, IL 61920
07-1-01421-000	McDonald's Corp C/O Ralph Foley	\$95,830	5623N County Road 1020E Mattoon, IL 61938
07-1-01416-000	D & D properties C/O Doug Paulson	\$24,230	4213 Lakeland Boulevard Mattoon, IL 61938
10-0-00037-000	Buerster, Philip D.	\$60,090	5350 Timbertrail Rd. Olney, IL 62450
10-0-00020-000	Perry, Kenneth and Alma	\$14,350	1820 Marion Mattoon, IL 61938
10-0-00035-000	Illinois Community Bank	\$5,860	1300 N. Keller Drive Effingham, IL 62401
10-0-00015-000	Taylor, Jason and Myra	\$1,860	3560N County Road 150E Mattoon, IL 61938
10-0-00025-000	Taylor, Jason and Myra/Kuhnstrast, Gary and Sharon	\$2,850	3750 Lake Road Mattoon, IL 61938
10-0-00028-000	Buerster, Philip D.	\$5,700	5350 Timbertrail Rd. Olney, IL 62450
10-0-00031-000	Jain, Krishan K.	\$16,620	5727 N. Humboldt Ave. Peoria, IL 61614
10-0-00034-000	Jain, Krishan K.	\$65,000	5727 N. Humboldt Ave. Peoria, IL 61614





## **Mattoon Hotel Project**

This proposal is being submitted in response to the Request for Proposals for the South Route 45 proposed TIF district. Following is a Development Proposal for two parcels located in this proposed district: 10-0-00031-000 and 10-0-00034-000.

### **A. Proposed Project Description and Details**

The Mattoon Hotel project is proposed to be located just West of I-57 off of exit #184 on Paradise Road. Current plans call for an exhilarating redevelopment that will consist of renovating the closed hotel and banquet hall and converting it to a reputable well known franchise and also converting the gas station into possible retail or restaurant space. The proposed project includes:

- Estimated budget of \$3 million for 6 acre site acquisition and renovation of hotel and current gas station out-lot
- Hotel Facilities:
  - 88 rooms & suites totaling approximately 40,000 square feet
  - Banquet hall totaling approximately 4000 square feet
- Current Gas Station conversion to Retail and/or Restaurant space totaling approximately 2,000 square feet.
- Construction is expected to begin in the spring of 2007 and completed within 6 months.

It is rare that we have the opportunity to affect the future of a community in such a significant way. The proposed project will create an environment that will be well lit, beautifully landscaped and geared toward an area where students and people exiting the highway can have a hotel facility, banquet hall, and possible restaurant to serve their needs. This proposed project will not only enhance the exit to help bring in future development but will also provide Lakeland College with amenities to help serve the needs of the students, student families, and faculty members.

### **B. Proposed Boundaries of the Project**

See Attachment I - Site Map

### **C. Developer background and Experience**

See Attachment II - Paul Zala's Resume

#### **D. Municipal Financial Assistance**

In order to make the proposed project a success, we respectfully request a partnership with the City of Mattoon. Due to a combination of extraordinary costs associated with site preparation and rehabilitation of the property, and the hotel market in the area, this project will require financial assistance from the City in the form of tax increment finance ("TIF") and possibly business improvement district ("BID") funds. We estimate the current plans for this site will require approximately \$750,000 to \$1,000,000 in municipal assistance to make the project feasible.

#### **E. Future Development**

The project currently proposed includes the redevelopment of the hotel and the redevelopment of the gas station into retail and/or restaurant space.

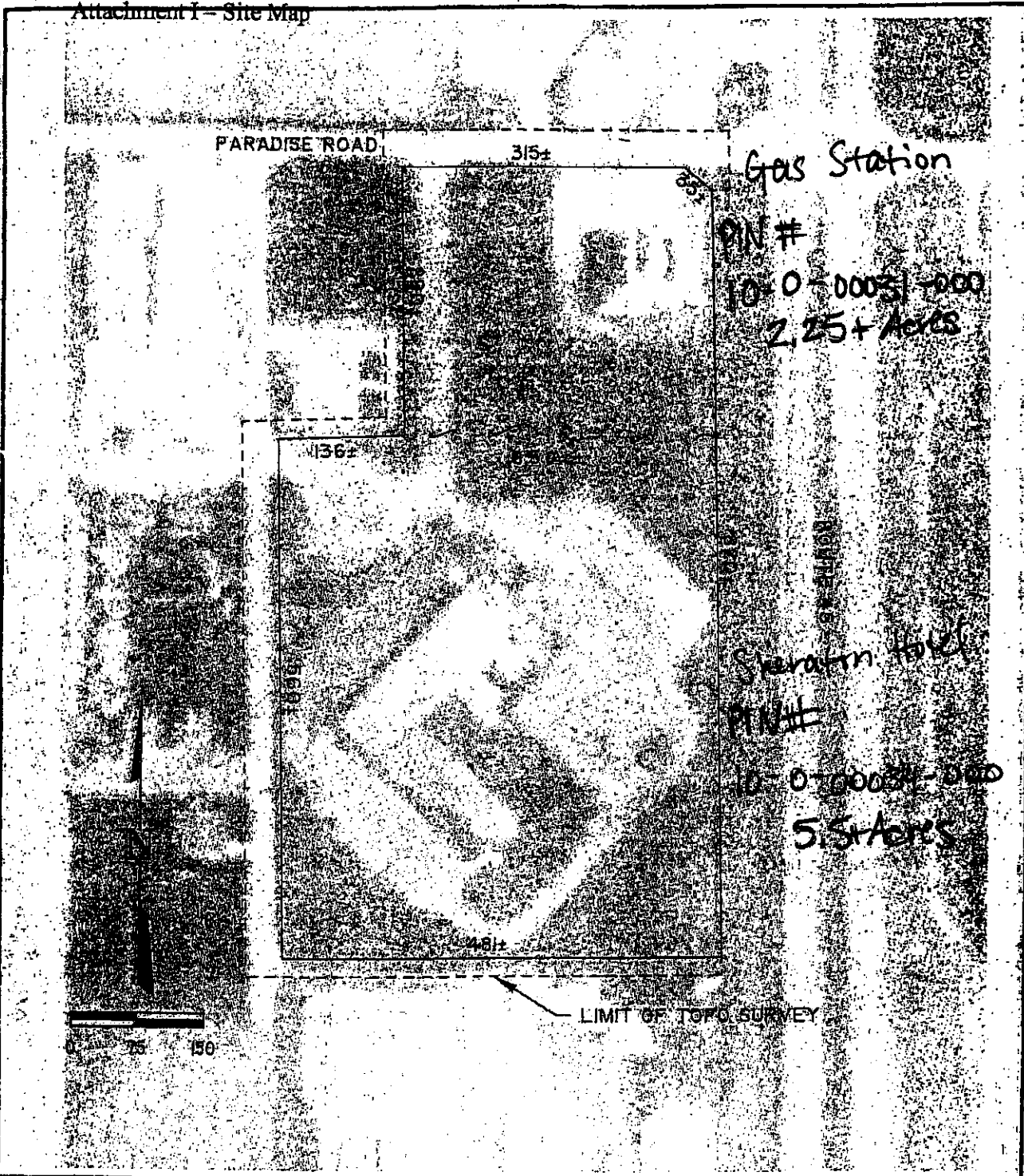
The 1.5-acre property located at 4900 Carter Lane has also been purchased. We anticipate developing this property into commercial space or possible additional student housing in the future. These plans are in the very early planning stages and will likely depend a great deal on the success of the hotel. These future plans may require financial assistance. However, due to the preliminary nature of these plans, the amount of assistance, if any, is not known at this point.

#### **F. Project Contacts**

Developer- Mr. Paul Zala  
630-832-8082  
paul\_zala@choicehotels.com

Consultant- Ms. Shannon O'Hare  
NexGen Advisors, LLC  
312-422-0642 x 12  
sohare@ngallc.com

Mattoon Hotel Project  
Attachment I - Site Map



MILANO & BRUNLOH ENGINEERS, LLC  
 14 WEST WASHINGTON  
 P.O. BOX 897  
 EFFINGHAM, ILLINOIS 62401  
 Phone: (217) 347-7262  
 (800) 677-2714  
 Fax #: (217) 342-3433  
 Web Address: www.mgengineers.com  
 Design Firm #: IB4-003108

EXHIBIT  
 MATTOON ILLINOIS

File name: --06\SCRATCH\dwg\HUA REDEV MATTOON.dwg  
 Plot date: 05/18/06 at 00:00

Attention: Mr. Alan Gilmore  
City Administrator  
City of Mattoon  
208 North 19<sup>th</sup> Street  
Mattoon, IL 61938  
Telephone: (217) 235-5654

1. To construct a 5,600 sq. ft. building on 3.43 acres, located at 4112 Lakeland Blvd. Mattoon, IL. To be used for Starwalt's Tire & Auto Repair. A store that will have tire sales, auto repair, and also farm, commercial tire service. It will employ 5-8 people within two years.
2. Project is located at 4112 Lakeland Blvd. Approximately 1.5 miles south of Mattoon on Rt. 45, East side of the road.
3. Estimated cost of proposal project with land.  
\$170,000.00
4. Start early fall and be completed within 8-10 weeks.
5. Todd Fuller, Mattoon resident for 39 yrs. and has been in business since 1991 as Fuller-Wente Inc. This involves, excavating, sewer and water work, concrete, and septic installation. I have worked on city jobs, Papa Johns Pizza, Casey's gas station, Mattoon storage and a number of other projects, Lytle Park fountain, and Vanlaningham water extensions. In 2002, we purchased Shepard and Shepard Mechanical and operated to date. I have remodeled several homes in Mattoon and other towns. We can do most of this work in house on this project.
6. The tire and auto store would not be feasible if not for TIF funding to pay for infrastructure, water, sewer, entrance off of Route 45, and also the 30% of interest on loan and engineers drawings.

Thank You

Sewer costs to tap main in Budget Inn parking lot and run 290 ft. on to our land.  
Cost: \$7850.00

Water: City to bore under US Rt. 45 to center of our land will extend to north property line.  
Cost: \$5500.00

Concrete entrance, CMP, curbs and engineering.  
Cost: \$9850.00

Engineering Plan: \$1200.00  
KAM drainage and entrance plan: \$2000.00

7. Todd Fuller  
308 NCR 200 East  
Mattoon, IL 61938

Cell: 273-5011  
Office: 234-8336  
Fax: 237-8337



**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**

⌘

*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 093-1053 effective January 1, 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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SECTION	PAGE
5/11-74.3-1 Legislative Finding and declaration.....	1
5/11-74.3-2 Designation of area as Business District.....	2
5/11-74.3-3 Powers of corporate authorities.....	2
5/11-74.3-4 Home rule municipalities.....	3
5/11-74.3-5 <i>New [Business district sales and hotel tax provisions]</i> .....	4
5/11-74.3-6 <i>Business district revenue and obligations (New)</i> .....	5

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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.

Laws 1961, p. 576 § 11-74.3-1, added by P.A. 78-793, § 1, eff. Oct. 1, 1973

Formerly Ill. Rev. Stat. 1991, ch. 24, § 11-74.3-1

### **65 ILCS 5/11-74.3-2 – Designation of area as Business District**

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

Laws 1961, p. 576, § 11-74.3-2, added by P.A. 78-793, § 1, eff. Oct 1, 1973.

Formerly Ill. Rev. Stat. 1991, ch. 24, § 11-74.3-2

### **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. 91-418, eff. 1-1-00)

### **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.

Laws 1961, p. 576, § 11-74.3-4, added by P.A. 78-793, § 1, eff. Oct. 1, 1973

Formerly Ill. Rev. Stat. 1991, ch. 24, § 11-74.3-4

**65 ILCS 5/11-74.3-5 new**

**Sec. 11-74.3-5. [Business district sales and hotel tax provisions]** 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.

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

#### **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).

**Section 99 - Effective date.** This Act takes effect upon becoming law.

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