

HB910 HA#3 – Chicago Bears Stadium/ Mega Project Bill

Sen. Bill Cunningham

Rep. Kam Buckner

Drop Date:

Vote: House 078-032-000

Headline: “Megaproject bill” is designed to clear a key hurdle the team says is necessary to move forward with a new domed stadium in Arlington Heights.

Summary:

STAR Bonds

HB910 HA #3 Creates the authority that can allow bonds to issue fund infrastructure improvements, STAR bonds are issues from state sale tax increment pledge to pay STAR bonds to STAR bond districts **not to be more than 50% of the total development cost for STAR bond projects.**

Redevelopment and Enterprise Zones

HB910 HA #3 establishes that if a municipality has adopted an **enterprise zone** and subsequently has established a **redevelopment project area under the Tax Increment Allocation Redevelopment Act** in the Illinois Municipal Code, the municipality may by amendment to the certified enterprise zone designate an ordinance, *proving for a partial abatement of taxes under the property tax code for property located within both the enterprise zone and the redevelopment project area.* Any portion of the property not abated shall be subject to TIF (Tax Increment financing) and the terms of the applicable redevelopment project agreement. If a municipality has **established a redevelopment project area to the Tax Increment Allocation Redevelopment act and subsequently adopts an enterprise zone** that includes property within the redevelopment project area, the municipality may subject to the redevelopment project area plan and agreement, provide for partial abatement of taxes under the Property tax code for property located within the enterprise zone and redevelopment project area. No abatement shall reduce or impair any tax increment revenues pledge to secure outstanding bonds, notes, or other obligations for the redevelopment area. Any portion of property taxes not abated shall remain subject to tax increment financing and the terms of the applicable redevelopment project area agreement under the Illinois municipal code.

HB910 HA#3 amends section 10-10 of the Illinois State Auditing Act by establishing that the Auditor General must conduct a compliance audit in accordance with Section 5-45 of the Statewide Innovation Development and Economy Act specifically section (d) which establishes that the star bond project financed with STAR bonds must prepare a report to the Illinois Department of Revenue, Governor Office, OMB, by June 1 status of a project, expenditures, amount of revenue spent, project amount while ensuring the Auditor General reviews. and (g) If at any time after the seventh anniversary of the date of distribution of State sales tax increment from a STAR bond project the Auditor General determines that the percentage of the aggregate proceeds of STAR bonds issued to date that is derived from the State sales tax increment has exceeded 50% of the total development costs of that STAR Bonds project, no additional STAR bonds may be issued for that STAR Bonds project until that percentage is reduced to 50% or below. When the percentage has been reduced to 50% or below, the master developer shall have the right, at its own cost, to obtain a new audit prepared by an independent third-party auditor verifying compliance and shall provide such audit to the Auditor General for review and approval. Upon the Auditor General's determination from the audit that the percentage has been reduced to 50% or below, STAR.

HB910 HA#3 Creates the Rehabilitation costs; qualified historic districts section and defines: Including Tax credits:

- “Phased rehabilitation as project completed in phases;
- “Placed in service” means the date when the property is placed in a condition or state of readiness and availability,
- “Qualified expenditures” means all cost and expenses under the qualified rehabilitation expenditures,
- “Qualified historical structures” means a certified historic structure
- “Qualified rehabilitation plan” means project approved by DNR
- “Qualified tax payer” owner of the qualified historical structure or any other person who qualifies for the federal rehabilitation credit

HB910 HA#3 creates the Capital City Downtown Medical District Income Fund. Amends the local government tax fund and County and Mass district fund so that as soon as possible after the 1st day of each month beginning on July 1, 2026 upon certification from the Department of Revenue, the Comptroller must order transferred, and the Treasurer must transfer, to the STAR bond Revenue Fund the local sales tax increment, collected during the second preceding calendar month for the sales within a STAR bond district and deposited into the Local Government Tax Fund, less 3% of that amount, which must be transferred to the Tax Compliance and Administration Fund and must be used by the Department in administering the Statewide Innovation Development and Economy Act.

Beginning on or after Jan 1, 2027, there shall be allowed a tax credit against the tax imposed on subsection (a) and (b) of Section 201 in an **aggregate amount to equal 25% of the qualified expenditure of the rehabilitation** incurred by the owner of a qualified historic structure located within the bounds of a Capital City Downtown Medical district provided that the expenditures must (i) equal \$5K or more, (ii) exceed the adjusted basis of a qualified historic structure on the 1st day the qualified rehab plans begin. This even applies to rehabilitation projects regardless of the duration or number of phases. If a qualified rehab plan spans multiple years, then the tax credit shall be allowed in the last taxable year. If taxpayer is a S corp or partnership the credit shall be allowed the credit shall be allowed.

- Tax credits may not reduce S corp or partnership liability to 0, if they are in excess may be carried forward for 5 taxable years.
- To obtain tax credit the taxpayer must apply to DNR so they can determine the amount of the rehab cost and expenses within 45 days.
- The taxpayer must submit a certification of cost prepared by an independent public account that will certify the project cost, expenses, whether expenses are qualified expenditures and if the qualified expenditure exceeded the adjusted basis of the qualified historic structure on the 1st day of commencement. DNR is to review and then issue an approval certificate in the **amount of the eligible credits equal to 25% of the cost and expenses incurred by the taxpayer during the taxable year** for the qualified historic structure.
- Issues of 2% fee for taxpayers for administration purposes that are to be subject to appropriation put in the Historic property administrative fund for DNR.
- DNR certificate must be attached to taxpayer's tax return.

Biennial Report on June 30, 2029

On or after June 30, 2029, money from the Historic Property Administrative Fund must be used on a biennial basis to hire a third party to assess the overall economic impact to the state from the qualified rehabilitation project the overall economic impact shall include at least (1) the direct and indirect or induced economic impacts of completed projects; (2) the temporary, permanent, and construction jobs created, (3) sales, income and property tax generation before construction, during construction, and after completion and be submitted to GA and Gov.

Capital City Construction Job Credit

- **Capital City construction jobs tax credit** mean (1) an amount equal to 50% of the incremental income tax attributed to capital city construction employee's construction jobs not located in an underserved area; or (2) an amount equal to 75% of the incremental income tax attributed to capital city construction employees employed on capital city construction job in underserved communities. Or (2) 75% for construction job projects located in underserved areas.
- **Capital city construction jobs:** project that involve construction of a structure or building or that making of improvement of any kind to real property is (1) located in a Capital City Redevelopment Zone and (ii) built or improved in the course of completing a qualified rehab plan.
- **Incremental income tax:** total amount withheld during the taxable year from the compensation of capital city construction jobs
- **Qualified rehab plan:** project approved by DNR
- **Underserved area:** 1) areas with a poverty rate of at least 20%, 2) 35% or more of the families with children in the areas are living below 130% below poverty line. 3) 20% of households are on SNAP, and 4) average unemployment rate via IDES is more than 120%.

On or after Jan 1, 2027 a taxpayer may receive this capital city construction job credit in an **amount equal to 50% or 75% if the project is located in underserved areas** and it applies only to taxpayers that make a capital investment of at least **\$1,000,000 in a qualified rehab plan**. Must apply for application via DCEO within 30 days for approval. Prevailing wage will include prevailing wage.

Megaproject Assessment Freeze and Payment

- “Assessment officer” means chief county assessment officer of the county in which the mega project is located
- “Assessment period” means the period on the 1st calendar year after the calendar year in which a mega project is placed in service and ending on the date when the mega project no longer qualifies.
- Company- means one or more entities who aggregated investment in the megaproject meets the min investment.
- Company affiliates mean entities that joins with or an affiliate of a company and that participate in investment or financing of a megaproject.
- Consumer price index means published by the Bureau of Labor
- Department- DCEO
- “Eligible cost” all cost incurred on or half of a company prior to DCEO’s issuance of the megaproject certificate or during the investment period to create a megaproject.
 - purchase, site preparation, renovation, rehab, and construction of land, equipment
 - any goods services for megaproject that are purchased and capitalized
 - lease cost for land, buildings, structures
 - infrastructure development costs
 - debt services and project financing costs
 - noncapitalized research cost and development costs
 - job training and education costs
 - lease and relocation costs and
 - remediation cost.
- “Entity” means sole proprietor, partnership, firm, corp. LLC, association or other business enterprise
- “Incentive agreement” is an agreement between a company and local municipality that is for the benefit of the entire community, and the obligates the company to make the special payment in addition to paying property taxes, during the incentive period for a megaproject.
- “Incentive period” period on the 1st of the calendar year in which the megaproject is placed in service and each calendar year thereafter until the earlier (1) termination date or (2) revocation of the megaproject certificate. ***It ends 7 years after the date of issuance, not to exceed an initial period of 10 years.***
- “Local review board” group that consist of 1 representative of each of the following: local municipality, each local school board in which the property is located; local park district and taxing district that levies property taxes over any portion of the proposed site of the megaproject.
- Megaproject is a project that satisfies the min investment requirement period and other requirements.
 - \$100,000 but less than \$500,000,000 in eligible cost within the investment period or
 - At least \$500,000,000 but less than \$1,000,000,000 in eligible cost within the investment period or
 - At least \$1,000,000,000 in eligible costs within the investment period.
- “Megaproject certificate- DCEO that authorizes an assessment freeze and special payment
- Project means- land, buildings and other improvements on the land of a megaproject or RREDY project including several things.
- Project labor agreements are included.

Valuation during incentive period: DCEO megaproject certificate will get the company an assessment freeze. The municipality may approve extension no more than 5 years unless a part of the original incentive agreement and must be adopted via resolution by the municipality and sent to DCEO within 30 days.

Incentive agreement: company is to apply for local municipality to enter into this agreement. The municipality is to then have a hearing to consider the agreement + application. The agreement should include 1. The base year, 2. The base year

valuation, subject to adjustment, 3) amount of special payment, The local elected review board must review information that includes a school impact analysis with a statement of projected enrollment, mitigation plan.

Contents of incentive agreement: the company is to pay or be responsible for the payment of an annual specific payment to the local municipality, beginning with the 1st tax year for the assessment freeze. The amount will be established in the incentive agreement and may be a fixed amount for the duration of the incentive period or may be subject to adjustment if negotiated. Special payment may exceed but shall not be at least 10% of the property tax levied against the megaproject property for the year, that does not apply to any project with an investment expected to exceed \$2,000,000,000. The agreement shall obligate the company to operate the megaproject at the designated project location for a minimum of 20 years. It also obliges the company to enter into a labor peace agreement. The documents shall include:

- (1) the legal name of each party to the agreement; (2) the street address of the project and the property subject to the agreement; (3) the agreed minimum investment; (4) the term of the agreement; (5) a schedule showing the amount of the special payment and its calculation for each year of the agreement; (6) a schedule showing the amount to be distributed annually to each taxing district, as set forth in the incentive agreement; (7) any other feature or aspect of the agreement which may affect the calculation of items (5) and (6) of this subsection; (8) the party or parties to the agreement who are responsible for updating the information contained in the summary document; and (9) a requirement that the company submit a third-party agreed-upon procedures report verifying that the project has been placed in service and that the minimum investment requirements under this Division have been met.

Megaproject administration: The administration must be under the local municipality that approved the incentive agreement by ordinance. Each local municipality that approved a mega project incentive agreement must designate a Megaproject administrator (liaison between locals, Department, and Department of revenue. This officer shall notify the chief county assessment officer once the project is eligible for the property tax assessment freeze. An applicant for a megaproject certificate must provide evidence to the Department of a full executed project labor agreement. The project labor agreement must include certain requirements. HB910 HA#A also includes computation of valuation, revocation of the megaproject certificate by the assessment officer, the transfer of interest in a megaproject, the minimum investment by a company during the investment period to be eligible for the assessment freeze in connection with the megaproject.

Data centers prohibited: The Department shall not approve any mega project certificate application that includes as part of the application the development of any data centers.

No free tickets for elected officials: No State or local elected official may knowingly accept from an employee or agent of a company a free or discounted ticket to a professional sporting event held at a sports stadium that is constructed as part of a megaproject, unless the free or discounted ticket is given or sold as part of a promotion generally available to the public on the same terms as generally available to the public. (b) No person who participates personally and substantially in the negotiation of a megaproject agreement on behalf of a local municipality or taxing district, including, but not limited to, any officer, agent, or employee of the local municipality or taxing district or any lobbyist or outside attorney employed by the local municipality or taxing district, may, within a period of one year after the effective date of the agreement, knowingly accept employment or receive compensation or fees from a company that is a party to the agreement.

Mega project vs. RREDY (focus on railroads) vs. NOVA urban district

- **Megaproject**
 - Makes the min investment during investment period
 - Enter into an incentive agreement with the local municipality
 - Enter into a project labor agreement prior to demolition, building construction, or building renovation related to the mega project and
 - Establish the goal of awarding 20% of the total dollar amount of contracts that are related to the megaproject and are awarded by the company during each calendar year to minority owned businesses.
- **RREDY**
 - Meet the requirements set forth in megaproject
 - Develop and deliver capital improvements on land within air rights or on land within air rights that have the following requirements

An Act Concerning Tax Credits

- Located in a municipality with a population of 2,000,000 or more;
 - Not less than 75% of the cost of land and project improvements are infrastructure costs;
 - Feasibility analysis by independent 3rd party
 - \$40,000,000,000 in aggregated new tax revenues to all taxing jurisdictions over not less than 40 years.
- **NOVA (New Opportunities for Vacation and Adventure urban district): STAR bond district that encompasses a minimum of 20** Contiguous parcel of real property including land, air rights, or land and air rights and meets all of the following:
 - The property is directly and substantially benefited from the proposed STAR bond district plan
 - The property includes one or more parcel boundaries located within 2 miles or less from existing public assembly, convention and other civic and cultural facilities and attractions directly and substantially benefited by the proposed STAR bond district plan
 - The property is located in an area with no less than 10,000 residents within a 2 miles radius of the proposed district; and
 - The property is located one-quarter miles or less from a commuter rail station and either a State highway or federal interstate highway.
 - The property demonstrates a reasonable expectation of (1) producing an initial capital investment of at least \$1,000,000,000, of which 75% shall be infrastructure project costs, (2) generating not less than \$450,000,000 in average annual gross sales over the life of the district, (3) attracting at least 2,000,000 average annual visitors over the life of the district, and (4) creating a minimum of 3,000 average annual jobs over the life of the district.

Background: House Bill 910 HA#3 is to help the Chicago Football Team build a new domed stadium allowing property tax relief in Arlington Heights, Illinois.

Proponents: Chicagoland Chamber of Commerce, LIUNA Chicago Laborers' District Council, Village of

Buffalo Grove, Illinois Manufacturers' Association, Village of Arlington Heights, UCA of IL, City of Rolling Meadows, Village of Barrington, Illinois Pipe Trades Association, Illinois Chamber of Commerce, Illinois Construction Industry Committee, Teamsters Local (916, 731, 727, 25, 325, 525), Illinois Hotel & Lodging Association, IBEW Local 134.

Opponents:

Neutral:

Fiscal Impact: No fiscal impact

Additional Considerations: None

Outstanding Questions to Resolve: None

Effective Date: Immediately