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Expanded TIF report shows 16.6 percent jump in revenue Taxpayers contribute \$800 million to TIFs in 2006

The 2006 TIF Revenue Report shows the amount of money generated in 378 active TIF districts throughout Chicago and the suburbs. This year's report, compiled by Cook County Clerk David Orr, has been expanded from one to five documents to give taxpayers a better understanding of TIF data and to give them a better idea of where their tax dollars are going.

REPORT HIGHLIGHTS

- The total amount Cook County taxpayers are paying in TIF revenue now exceeds \$800 million.
- In the City of Chicago, TIF revenue increased by \$114 million to \$500,369,348. (29.46 percent increase)
- In suburban Cook County, the amount of TIF revenue increased by \$85,740 to \$299,800,699. (.03 percent increase)
- At \$800 million, if TIFs were their own separate taxing agency, they would collect the second largest amount of revenue in Cook County. The Chicago Public Schools rank first with \$1.7 billion.
- Of the 1.7 million properties in Cook County, 159,500 properties – 9.4 percent – are located in TIF districts.

TIFs were established in Cook County in 1979. Since then, there have been 415 total TIFs. The oldest active TIF in the county, established that year, is in the Village of Rosemont.

“TIF” stands for “Tax Increment Financing,” a special tool that a city such as Chicago can use to generate money for economic development in a specific geographic area. TIFs allow a city to re-invest all “new” property tax dollars in the neighborhood from which they came for a 23-year period. During that time, no tax dollars are allocated to schools, parks or other tax districts. TIFs may be cancelled earlier or extended an additional 12 years.

These “new” revenues arise if new development takes place in the TIF district, or if the value of existing properties rises, resulting in higher tax bills. These funds can be spent on public works projects or given as subsidies to encourage private development. But TIFs can also make it easier for a city to acquire private property and demolish buildings to make way for new construction.

The Clerk’s report shows that in Chicago, 2006 revenue increased for most TIFs, due primarily to the reassessment which raised the incremental value.

To understand the magnitude of TIF revenue in Chicago:

- Two Chicago TIFs alone are collecting more revenue (\$152.5 million) this year than all the money Cook County spends from property taxes toward public health. The county’s public hospitals, clinics, and services total \$144 million. The City of Chicago’s Central Loop TIF and South Loop TIF total \$111 million and \$41.5 million, respectively.
- Since 1986, \$2,510,745,038 (more than \$2.5 billion) has been collected from all TIFs within the City of Chicago, which is not quite the whole lifespan of TIFs in Chicago.

In the suburbs:

- The largest increase in the suburbs was in the village of Oak Lawn where TIF revenue increased by 6,102 percent – from \$5,731 to \$355,486 – for a commuter parking lot/station project.
- The biggest drop in the suburbs occurred in the Village of Dixmoor, where TIF revenue fell by 88 percent – from \$138,939 to \$17,273 – for a project at 144th and Wood.

PROMOTING MORE PUBLIC INFORMATION ON TIFs

Because so much tax revenue has been going to taxing agencies, TIFs have become the subject of controversy and debate.

The Clerk believes much more public information is needed to assist taxpayers in making their own judgments on TIFs. Therefore, the Clerk’s office is providing more user-friendly public information:

- A four-part annual report, which includes a breakdown of TIF distribution by agency over the past two years.
- An online TIF primer to help the public better understand the TIF process.
- TIF District maps online (currently under construction).
- Finally, the Clerk’s goal for 2008 is for property tax bills to direct homeowners to visit www.cookctyclerk.com for more information on TIFs. Taxpayers would be able to view information on all TIFs in Cook County, not just in their area.

Orr encouraged municipalities to release easily accessible information on TIFs. Orr praised the Civic Federation, which released a study on the role of TIFs as a municipal development tool, and Cook County Commissioner Mike Quigley for spearheading the call for transparency in the TIF reporting process.

“They are on the right path with their suggestions,” Orr said. “Municipalities need to do more to promote easily accessible information on TIFs, their budgets and expenditures.”

CLERK’S ROLE

Under Illinois law, the Clerk’s office receives and processes a municipality’s ordinances establishing the TIF district and directing the Clerk to allocate revenues to the TIF.

These ordinances authorize the Clerk to set a frozen value for each parcel in the district, called the “initial equalized assessed value.” This amount is derived from the most recent values available at the time the TIF is created. Revenue is generated for the TIF as property values increase within the TIF district.

Under state law, the Clerk’s office must redistribute revenue to the TIF districts according to the amount of the increment or increased value since the initial or frozen value. Parcels are taxed utilizing the current property value of the property, but any taxes collected because of increases to the value beyond the frozen or initial value of the property are diverted from other tax districts and distributed to the TIF.

Each year after tax rates are finalized, the Clerk’s office releases a Tax Increment Agency Distribution Summary. This year, the office has expanded its report, both on paper and on its website, www.cookctyclerk.com.

It includes the traditional summary – typically used by financial consultants for TIFs, as well municipal financial directors – but it will also include the “Taxpayer’s TIF Revenue Summary” which provides comparisons of total district revenues over the past two years.

HOW TO USE THIS REPORT

The Clerk's report includes the traditional Tax Increment Agency Distribution Summary, as well the "Taxpayer's TIF Revenue Summary," which offers a summary and comparison of total district revenues over the past two tax years, with the percentage change over that time. It also provides the beginning year of the TIF.

The summaries can be reviewed four ways:

Summary A: Includes TIFs from the City of Chicago, as well as the suburbs. Readers will notice that the alphabetical order reflects that some municipalities are called cities, some villages, and Cicero is listed as a township. For example, Alsip is found among the villages, as it is the Village of Alsip.

Summary B: Includes TIFs in the City of Chicago.

Summary C: Includes TIFs in suburban Cook County only. Again, the alphabetical order reflects the same conventions as Summary A in that it is organized by cities, villages, and has Cicero listed as a township.

Summary D: The Tax Increment Agency Distribution Summary provides more detailed information regarding each TIF. In addition to the revenue totals for each TIF, this report also includes the current equalized assessed valuation, as well as the frozen ("initial") equalized assessed valuation for the TIF. Within each TIF there is a further breakdown of the values and revenue according to tax codes. These codes are used internally to identify which taxing districts the parcels have in common.

Each tax code listed shows the composite tax rate and distribution percentage that is used to tax and distribute revenue collected on each parcel within that code. These rates and percentages are often different, even within the TIF, because different taxing districts, such as different parks or schools, may fall within the same TIF.

Also, a list of Chicago TIF revenue totals by year is also being made available by the Clerk's office.