Normal Uptown TIF Analysis

Presented by:
Mike Weber, Director PGAV Planners
TIF... often misunderstood

• Many Illinois communities have successfully used TIF
• The story gets lost over time – only snippets in the newspaper
• The unsuccessful projects get amplified
• The successes get forgotten
• Misunderstanding festers
• “Impact” on taxing districts not understood
• The critical “but for TIF” test has long been forgotten
Downtown Normal was not unlike other old midwestern downtowns...

- The area was distressed
- It was looking ragged
- Lots of vacant & obsolete building space
- Other buildings worthy of restoration
- Infrastructure in poor condition
Circa mid 1980’s
Children’s Discovery Museum site before
The Vision and the Plan...

• In 1999, the Town Council decided to do something about Downtown

• Hired Farr & Associates to help formulate the vision and the Plan

• But how would the Town and private sector pay for its implementation?
Action taken...

• The Town leadership was committed to making the Plan a reality

• Various sources of funding would be tapped, including debt financing

• This included setting up a TIF district to generate a portion of the needed funds and to induce private investment

• TIF only works if significant private investment takes place
and as a result...

- Downtown (now **Uptown**) is experiencing a renaissance
- Not all things have gone as planned or without setbacks along the way
- **But the vision is becoming a reality; to date...**
  - Approx. 594,512 sq. ft. of **new building space**, which includes 203 **residential units** and the CDM
  - 342 **hotel rooms** added
  - Many existing buildings renovated
  - 700 **public parking spaces** added
Marriott Hotel & Conference Center site before

Watterson Place... lots of vacant space
Marriott Hotel & Conference Center after $67 million redevelopment project
TIF Basics

• An economic development tool **designed to achieve 2 principle goals:**
  ✓ Removal of blight or conditions that may lead to blight
  ✓ Enhance the tax base of all affected taxing bodies

• All taxing districts participate & ultimately benefit

• **Success is measured by the amount of private investment** resulting in increased property values
TIF Basics

• Three Fundamental Findings:
  • Area must qualify as:
    o Blighted area; or
    o Conservation area; or
    o Combination thereof; or
    o Industrial park conservation area
  • Lack of growth and development by private enterprise
  • “But for” TIF, private investment will not occur
How TIF Works (Hypothetical Example)

1. Establish TIF area and base EAV (meeting statutory requirements)

2. Initial (base) EAV generates: $50,000 real prop. Tax

3. Plan implementation – EAV after redevelopment is completed: $300,000 real prop. tax

4. Tax increment calculation:
   $300,000 tax after redevelopment
   -$50,000 tax on base EAV
   $250,000 tax increment
How TIF Works (Graphic Illustration)

Revenue Flow During TIF

Revenue To TIF Special Allocation Fund

Revenue To Taxing Districts

Taxing districts benefit from higher tax base after TIF expires

(would not have occurred absent TIF)

Revenue To Taxing Districts

(districts continue to receive taxes on base EAV)
Uptown TIF
(established 2003)
Uptown Station

Multi-Modal Transportation/Public Parking
Children’s Discovery Museum

CDM welcomed its 2 millionth visitor this Summer
Beaufort St.  (east of Uptown Circle)
TIF has played a key role in revitalizing Uptown Normal

• But some common perceptions of TIF include:
  1. Taxing districts are losing money because of TIF
  2. The tax rates are higher because of TIF
  3. The TIF is a failure; there is vacant space in new buildings
  4. There remains deteriorated and obsolete buildings

• However, there are counter arguments:
  1. Claim 1 & 2 above can only be valid if the redevelopment projects occurred absent TIF
  2. Also, claim 1 & 2 above must assume that tax base outside of the TIF did not offset some or all of the TIF EAV
  3. Claims 3 & 4 are pessimistic claims. It takes time to absorb new building space in the market. Likewise with dealing with problem properties
Uptown TIF by the Numbers
Uptown EAV Growth (before and after TIF established)

Comparison of Inflation to Uptown TIF
Total EAV Trends

Increase of nearly $28 million (or 202%)
$96.2M of local investment has leveraged $206.9M of private investment and grants

* Based on private investment to date, estimate of Trail East investment and includes the total principal amount of related bond issues plus net present value (NPV) of future TIF obligations. Includes paid to date plus NPV of rent premiums to be paid for office space by City at Uptown One.
## Spinoff Town tax revenues from Uptown TIF Area (2002 – 2018)

<table>
<thead>
<tr>
<th>Aggregate Taxes Generated</th>
<th>With Uptown TIF</th>
<th>Without Uptown TIF</th>
<th>Net Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$6,348,267</td>
<td>$4,359,586</td>
<td>$1,988,681</td>
</tr>
<tr>
<td>Local Tax</td>
<td>$9,991,436</td>
<td>$5,622,525</td>
<td>$4,368,912</td>
</tr>
<tr>
<td>Food &amp; Beverage Tax</td>
<td>$4,895,347</td>
<td>$1,998,597</td>
<td>$2,896,750</td>
</tr>
<tr>
<td>Hotel Tax</td>
<td>$4,454,571</td>
<td>$0</td>
<td>$4,454,571</td>
</tr>
<tr>
<td>Packaged Liquor Tax</td>
<td>$1,712,222</td>
<td>$1,217,776</td>
<td>$494,446</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$27,401,843</strong></td>
<td><strong>$13,198,498</strong></td>
<td><strong>$14,203,321</strong></td>
</tr>
</tbody>
</table>

* Estimates by the Town of Normal Finance Dept. A portion of this added revenue is being used to pay bonded indebtedness related to the Uptown TIF.
How does TIF impact taxing districts (taxpayers)?
First: Property Tax Basics
Understanding the Property Tax Levy

• Two main variables:
  1. The amount of the **tax levy request**
  2. The amount of the **tax base** (**equalized assessed value**) of the taxing district

• **Yields** the **tax rate** needed to generate enough property tax to meet the levy request.

• Example:
  - Levy request $1,000,000
  - Tax base (EAV) $20,000,000
  - Tax Rate ($1M/$20M) 5.0%
    
    (or $5.00 per $100 EAV)
Note…

- **Taxing districts DO NOT set the tax rate**

- **Tax rate is calculated by the County Clerk**
Change **One Variable** *(Levy Request)*

- **Levy**
  - If *levy* goes **up**
- **Tax Base**
  - Tax base *stays the same*
- **Tax Rate**
  - Tax rate *goes up*
Change One Variable (Tax Base)

- **If levy stays the same**
  - **Tax base goes up**
  - **Tax Rate goes down**

- Levy
- Tax Base
- Tax Rate
This situation enables a taxing district to raise its levy without resulting in an increase in tax rates
Second: Tax Computations
How does TIF affect the computation?

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Total EAV</th>
<th>Rate Setting EAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm</td>
<td>982,923</td>
<td>982,923</td>
</tr>
<tr>
<td>Residential</td>
<td>599,740,933</td>
<td>597,641,432</td>
</tr>
<tr>
<td>Commercial</td>
<td>304,980,549</td>
<td>267,815,918</td>
</tr>
<tr>
<td>Industrial</td>
<td>11,757,835</td>
<td>11,757,835</td>
</tr>
<tr>
<td>Mineral</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State Railroad</td>
<td>3,346,958</td>
<td>3,346,958</td>
</tr>
<tr>
<td>Local Railroad</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>County Total</td>
<td>920,809,198</td>
<td>881,545,066</td>
</tr>
<tr>
<td>Total + Overlap</td>
<td>920,809,198</td>
<td>881,545,066</td>
</tr>
</tbody>
</table>

Other Values

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EZ Value Abated</td>
<td>0</td>
</tr>
<tr>
<td>EZ Tax Abated</td>
<td>$0.00</td>
</tr>
<tr>
<td>New Property</td>
<td>12,289,982</td>
</tr>
<tr>
<td>TIF Increment</td>
<td>39,264,132</td>
</tr>
</tbody>
</table>

Truth in Taxation

- Filed Under Truth in Tax?: Yes

Uptown TIF EAV represents about 70% of this total TIF EAV in the Town of Normal.
In essence, Town got its levy request

$7.98 more than levy request
The School District received about 5% less than their levy request.
What if a taxing district didn’t get all of its levy request?

• If TIF Incremental EAV was converted “Rate Setting EAV”, perhaps the total levy request would have been achievable

• For each tax year, this scenario can be calculated

• In order to do so, it must be assumed that the TIF Incremental EAV would have been generated absent the TIF

• This assumption is unrealistic, but nonetheless, the math can be applied to measure “impact”
# Calculated Net Tax Foregone to TIF (2018 Tax Year) *

<table>
<thead>
<tr>
<th>Taxing District</th>
<th>Rate Setting EAV</th>
<th>Levy Request</th>
<th>Total Extension</th>
<th>Amount Over (Under) Request</th>
<th>Uptown TIF EAV</th>
<th>Dist. Tax Rate</th>
<th>Calculated Tax Foregone to TIF</th>
<th>Retained State Funding</th>
<th>Net Tax Foregone to TIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSD 5 Normal</td>
<td>$2,234,238</td>
<td>$121,092</td>
<td>$120,469</td>
<td>$ (622)</td>
<td>$28,720</td>
<td>5.392</td>
<td>$1,549</td>
<td>$ -</td>
<td>$622</td>
</tr>
<tr>
<td>Town of Normal</td>
<td>$881,545</td>
<td>$9,055</td>
<td>$9,055</td>
<td>$0.01</td>
<td>$28,720</td>
<td>1.027</td>
<td>$295</td>
<td>$NA</td>
<td>$ -</td>
</tr>
<tr>
<td>McLean County</td>
<td>$3,922,884</td>
<td>$36,122</td>
<td>$36,123</td>
<td>$0.6</td>
<td>$28,720</td>
<td>0.921</td>
<td>$264</td>
<td>$NA</td>
<td>$ -</td>
</tr>
<tr>
<td>Heartland C. C. 540</td>
<td>$4,521,856</td>
<td>$26,481</td>
<td>$26,295</td>
<td>$ (187)</td>
<td>$28,720</td>
<td>0.582</td>
<td>$167</td>
<td>$NA</td>
<td>$167</td>
</tr>
<tr>
<td>Normal Public Library</td>
<td>$880,245</td>
<td>$3,904</td>
<td>$3,904</td>
<td>$ (0.003)</td>
<td>$28,720</td>
<td>0.443</td>
<td>$127</td>
<td>$NA</td>
<td>$0.003</td>
</tr>
<tr>
<td>Normal Township</td>
<td>$857,012</td>
<td>$1,972</td>
<td>$1,972</td>
<td>$0.03</td>
<td>$28,720</td>
<td>0.230</td>
<td>$66</td>
<td>$NA</td>
<td>$ -</td>
</tr>
<tr>
<td>B-N Water Recl. Dist.</td>
<td>$2,739,639</td>
<td>$5,210</td>
<td>$5,110</td>
<td>$ (100)</td>
<td>$28,720</td>
<td>0.187</td>
<td>$54</td>
<td>$NA</td>
<td>$54</td>
</tr>
<tr>
<td>BLM-NRM Airport Auth</td>
<td>$2,698,840</td>
<td>$2,708</td>
<td>$2,683</td>
<td>$ (25)</td>
<td>$28,720</td>
<td>0.099</td>
<td>$29</td>
<td>$NA</td>
<td>$25</td>
</tr>
<tr>
<td>Normal Twp Road Dist.</td>
<td>$857,012</td>
<td>$787</td>
<td>$786</td>
<td>$ (0.02)</td>
<td>$28,720</td>
<td>0.092</td>
<td>$26</td>
<td>$NA</td>
<td>$0.02</td>
</tr>
</tbody>
</table>

* This analysis is based on the assumption that all of the private investment would have happened absent TIF.
### Total unrealized property tax from Uptown TIF (2003-2018)

<table>
<thead>
<tr>
<th>Taxing District</th>
<th>Unrealized Tax Revenues *</th>
<th>Actual Tax Levies</th>
<th>Percent of Actual Tax Levies</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSD 5</td>
<td>$5,960,177</td>
<td>$1,497,517,407</td>
<td>0.4%</td>
</tr>
<tr>
<td>Town of Normal</td>
<td>$199</td>
<td>$106,678,480</td>
<td>0.0002%</td>
</tr>
<tr>
<td>McLean County</td>
<td>$45,274</td>
<td>$504,673,622</td>
<td>0.01%</td>
</tr>
<tr>
<td>Heartland C.C. 540</td>
<td>$950,410</td>
<td>$306,271,682</td>
<td>0.3%</td>
</tr>
<tr>
<td>Normal Public Library</td>
<td>$152</td>
<td>$50,060,478</td>
<td>0.0003%</td>
</tr>
<tr>
<td>Normal Township</td>
<td>$232</td>
<td>$22,065,189</td>
<td>0.001%</td>
</tr>
<tr>
<td>B-N Water Recl. Dist.</td>
<td>$254,314</td>
<td>$64,985,069</td>
<td>0.4%</td>
</tr>
<tr>
<td>BLM-NRM Airport Auth.</td>
<td>$43,997</td>
<td>$43,933,221</td>
<td>0.1%</td>
</tr>
<tr>
<td>Normal Twp. Road Dist.</td>
<td>$387</td>
<td>$10,759,788</td>
<td>0.004%</td>
</tr>
</tbody>
</table>

* Reflects the total tax revenue that could have been realized by the taxing districts IF all private investment in the Uptown TIF would have happened absent TIF and all other tax levy variables stayed the same from the 2003 through 2018 tax years.
But it’s relative...

Comparison of Rate Setting & Uptown EAV

Town of Normal

Increase of $296 million (or 51%)

$1,000,000,000
$900,000,000
$800,000,000
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-

$585,688,950

$881,545,066

Increase of $27.7 million (or 202%)

$13,721,539

$41,428,747


Rate Setting EAV  Uptown EAV
The variance is greater with respect to CUSD 5...

Comparison of Rate Setting & Uptown TIF EAV)

*CUSD #5*

- **Increase of $806 million (or 57%)**
- **Increase of $27.7 million (or 202%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate Setting EAV</th>
<th>Uptown EAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$13,721,539</td>
<td>$41,428,747</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
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<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
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<tr>
<td>2013</td>
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<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$2,234,237,956$
But tax rate have been increasing...

- Since the Uptown TIF has been in place, the total tax rate has been gradually increasing.

- Total tax rate increasing by an average of 1.3% annually

- It stands to reason that not being able to tax Uptown TIF Incremental EAV is causing these rate increases.

- But the “Rate Setting EAV” trend has been increasing significantly above inflation

- Would tax rates be lower if TIF EAV became “Rate Setting EAV”?
Property Tax Rate Trends (2003-2018 Tax Years)

- **Total**: Up 21.9% from 7.363 to 8.973
- **CUSD 5**: Up 21.7% from 4.430 to 5.392
- **All Other Districts**: Up 22.1% from 2.933 to 3.581
How much could have the tax rate gone down if the Uptown TIF had ended in 2017?
Calculating TIF Impact on Tax Rates – Assumptions

1. Must **assume** Uptown private investment **would have occurred absent the creation of the TIF**

2. **The taxing districts would KEEP their levy requests the same**

3. Other Assumptions:
   a. Tax base growth elsewhere in the taxing district stays the same.
   b. Assume that the Town will continue to abate taxes on bond issues that are currently being partially paid for with Uptown TIF revenue.

4. **Assumption 1 is an unrealistic assumption**
Tax Impact Model Applied to **Town of Normal**

### Tax Rate Impact Model - Scenario A

**Town of Normal**

#### SCENARIO A: NO INCREASE IN LEVY

**2018 Levy Extension and Certified Tax Rate**

<table>
<thead>
<tr>
<th>Levy Extension</th>
<th>Rate</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>1,600,004</td>
<td>0.18150</td>
</tr>
<tr>
<td>Bonds and Interest</td>
<td>0</td>
<td>0.00000</td>
</tr>
<tr>
<td>I.M.R.F.</td>
<td>1,401,833</td>
<td>0.15902</td>
</tr>
<tr>
<td>Road and Bridge</td>
<td>0</td>
<td>0.00000</td>
</tr>
<tr>
<td>Fire Pension</td>
<td>2,239,389</td>
<td>0.25403</td>
</tr>
<tr>
<td>Police Pension</td>
<td>2,478,552</td>
<td>0.28116</td>
</tr>
<tr>
<td>Social Security</td>
<td>1,334,924</td>
<td>0.15143</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,054,702</td>
<td><strong>1.02714</strong></td>
</tr>
</tbody>
</table>

---

#### Dissolve Uptown TIF

<table>
<thead>
<tr>
<th>Added Taxable Value</th>
<th>Total Taxable Value with Uptown TIF EAV</th>
<th>Reconciliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>0.1758</td>
<td>1,600,004</td>
</tr>
<tr>
<td>Bonds and Interest</td>
<td>0.0000</td>
<td>-</td>
</tr>
<tr>
<td>I.M.R.F.</td>
<td>0.1540</td>
<td>1,401,833</td>
</tr>
<tr>
<td>Road and Bridge</td>
<td>0.0000</td>
<td>-</td>
</tr>
<tr>
<td>Fire Pension</td>
<td>0.2460</td>
<td>2,239,389</td>
</tr>
<tr>
<td>Police Pension</td>
<td>0.2723</td>
<td>2,478,552</td>
</tr>
<tr>
<td>Social Security</td>
<td>0.1467</td>
<td>1,334,924</td>
</tr>
<tr>
<td><strong>Total Tax Rate</strong></td>
<td><strong>0.9847</strong></td>
<td><strong>9,054,702</strong></td>
</tr>
<tr>
<td><strong>% Change from 2018 Rate</strong></td>
<td>+3.2%</td>
<td></td>
</tr>
</tbody>
</table>

---

1. 2018 rate setting EAV.
2. Actual 2018 tax rate.
3. 2018 Uptown TIF incremental EAV.
# Tax Impact Model Applied to CUSD #5

## Tax Rate Impact Model - Scenario A
McLean Co. CUSD 5

**Scenario A: No Increase in Levy**
2018 Levy Extension and Certified Tax Rate

<table>
<thead>
<tr>
<th>Levy Extension</th>
<th>Rate Setting EAV ¹</th>
<th>Tax Rate</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>$2,234,237,956</td>
<td>2.72000</td>
<td>2.72000</td>
</tr>
<tr>
<td>Bonds &amp; Interest</td>
<td>30,113,506</td>
<td>1.34782</td>
<td>None</td>
</tr>
<tr>
<td>Operations &amp; Maint.</td>
<td>11,171,190</td>
<td>0.50000</td>
<td>0.50000</td>
</tr>
<tr>
<td>IMRF</td>
<td>1,899,986</td>
<td>0.08504</td>
<td>None</td>
</tr>
<tr>
<td>Transportation</td>
<td>4,468,476</td>
<td>0.20000</td>
<td>0.20000</td>
</tr>
<tr>
<td>Working Cash</td>
<td>1,117,119</td>
<td>0.05000</td>
<td>0.05000</td>
</tr>
<tr>
<td>Fire Prevent/Safety</td>
<td>1,117,119</td>
<td>0.05000</td>
<td>0.05000</td>
</tr>
<tr>
<td>Special Education</td>
<td>893,865</td>
<td>0.04000</td>
<td>0.04000</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>5,500,024</td>
<td>0.24617</td>
<td>None</td>
</tr>
<tr>
<td>Social Security</td>
<td>2,299,925</td>
<td>0.10234</td>
<td>None</td>
</tr>
<tr>
<td>Lease/Purchase/Rental</td>
<td>1,117,119</td>
<td>0.05000</td>
<td>0.05000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120,469,440</strong></td>
<td><strong>5.39197</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. 2018 rate setting EAV.
2. Actual 2018 tax rate.

**Dissolve Uptown TIF**

<table>
<thead>
<tr>
<th>Added Taxable Value ²</th>
<th>$28,719,951</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Taxable Value with Uptown TIF EAV</td>
<td>$2,262,957,907</td>
</tr>
</tbody>
</table>

### Reconciliation

- **Education**
  - 2018: 2.66548
  - 2019: 60,771,272
- **Bonds & Interest**
  - 2018: 1.33071
  - 2019: 30,113,506
- **Operations & Maint.**
  - 2018: 0.49365
  - 2019: 11,171,190
- **IMRF**
  - 2018: 0.08396
  - 2019: 1,899,996
- **Transportation**
  - 2018: 0.19746
  - 2019: 4,468,476
- **Working Cash**
  - 2018: 0.04937
  - 2019: 1,117,119
- **Fire Prevent/Safety**
  - 2018: 0.04937
  - 2019: 1,117,119
- **Special Education**
  - 2018: 0.03949
  - 2019: 893,695
- **Liability Insurance**
  - 2018: 0.24305
  - 2019: 5,500,024
- **Social Security**
  - 2018: 0.10163
  - 2019: 2,299,925
- **Lease/Purchase/Rental**
  - 2018: 0.04937
  - 2019: 1,117,119

<table>
<thead>
<tr>
<th>Total Tax Rate</th>
<th>5.32354</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Change from 2016 Rate</td>
<td>-1.3%</td>
</tr>
</tbody>
</table>

| Total 2018 Rate | 120,469,440 |

2. 2018 Uptown TIF incremental EAV.
And so on... the impact on total tax rate:

Table 1a

<table>
<thead>
<tr>
<th>Taxing Jurisdiction:</th>
<th>2018 Tax Rate (Actual)</th>
<th>If Uptown TIF Dissolved</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>McLean County</td>
<td>0.92082</td>
<td>0.91413</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Town of Normal</td>
<td>1.02714</td>
<td>0.99473</td>
<td>-3.2%</td>
</tr>
<tr>
<td>McLean Co. CUSD 5</td>
<td>5.39197</td>
<td>5.32354</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Normal Twp</td>
<td>0.23007</td>
<td>0.22261</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Normal Twp Road Dist</td>
<td>0.09177</td>
<td>0.08879</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Heartland Community College</td>
<td>0.58150</td>
<td>0.57783</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Normal Public Library</td>
<td>0.44349</td>
<td>0.42948</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Bloomington-Normal Water Reclamation</td>
<td>0.18651</td>
<td>0.18458</td>
<td>-1.0%</td>
</tr>
<tr>
<td>BLM-NRM Airport Authority</td>
<td>0.09943</td>
<td>0.09638</td>
<td>-1.1%</td>
</tr>
</tbody>
</table>

Total 8.97270 8.83407 -1.5%

1 Assumes Uptown TIF was dissolved in 2017.
2 Assumes 2018 levy extension stays the same and Uptown TIF EAV increment added to rate setting EAV.
Illustrative Impact on Median Value Home

Table 1b

Estimated Effect of Uptown TIF Termination on a Median Value Home

Scenario A-1 (Home is taxed by all taxing districts that overlap the Uptown Normal TIF)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual 2018 Total Tax Rate (per $100 of EAV) 1</td>
<td>8.97270</td>
</tr>
<tr>
<td>Median Value Home 2</td>
<td>$165,400</td>
</tr>
<tr>
<td>Assessed Value (1/3rd)</td>
<td>$55,133</td>
</tr>
<tr>
<td>Less Homestead Exemption</td>
<td>$(6,000)</td>
</tr>
<tr>
<td>Net Taxable Assessed Value</td>
<td>$49,133</td>
</tr>
<tr>
<td><strong>Total Property Tax</strong></td>
<td><strong>$4,409</strong></td>
</tr>
</tbody>
</table>

**Tax Rate Uptown TIF Dissolved**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Change from Actual 2018 Rate</td>
<td>-1.5%</td>
</tr>
<tr>
<td><strong>Total Property Tax (If TIF dissolved)</strong></td>
<td><strong>$4,340</strong></td>
</tr>
<tr>
<td><strong>Increase (Decrease)</strong></td>
<td><strong>$68</strong></td>
</tr>
</tbody>
</table>

1 Tax Code 3007 (includes all taxing districts that overlap the Uptown TIF)

So what’s driving up the tax rates?
Town and School Dist. Levy Trends Compared to Inflation

Annual Percent Change (2003-2018)

- CPI: 2.1%
- Town Rate Setting EAV: 2.8%
- Town Levy: 4.2%
- CUSD 5 Rate Setting EAV: 3.0%
- CUSD 5 Levy: 4.4%
State funding to CUSD 5 down $8.3 million since 2013

In FY **2003**, State funding represented **25%** of CUSD 5’s total revenue.*
In FY **2017**, State funding represented **16%** of CUSD 5’s total revenue.*

*Source: Illinois Local Education Agency Retrieval Network, Illinois State Board of Education
School District capital investments a big factor as well

- Nearly 78% of the increase in the CUSD 5 tax rate from the 2003 to 2018 tax years was attributable to capital investments in new and existing school facilities funded with bonds approved by the voters.

- For the 2003 tax year, the bonds & interest levy represented 14.2% of the District’s total levy.

- For the 2018 tax year, the bonds & interest levy represented 25% of the District’s total levy.
Town of Normal tax rate trends

Town of Normal Tax Rate Trends
(2003-2018)

- 22% Increase
- 55% Increase
- 28% Increase
- 38% Decrease

Operating
Retirement/Pensions
Library
Total
Conclusions on increasing tax rates

• Town and School District levies are increasing at a greater rate than the Rate Setting EAV. Same holds true with the other taxing districts, except for the County and the Airport Authority.

• **Having the Uptown TIF EAV as Rate Setting EAV would have minimal effect on reducing the 2018 tax rate** (a 1.5% reduction for taxpayers paying taxes to the same taxing districts that overlap the Uptown TIF; less for others).

• **Other factors are more significantly causing upward pressure on tax rates**

• The Town and School District have **no control over several big factors**:  
  – Level of Police and Fire Pension benefits *(mandated by the State)*
  – Level of State funding for CUSD 5
Analysis Summary

- Uptown TIF has been key financial component to revitalization.
- Significant private investment has been leveraged.
- Relatively small size (in terms of EAV) has minimized taxing district (taxpayer) impact.
- Other factors are having a much greater influence on increases in tax rates.
- All “TIF impact” metrics herein are only valid IF all the revitalization investment happened ABSENT TIF.
The future for the Uptown TIF

- Town entered into an intergovernmental agreement ("IGA") with all affected taxing districts.
- The IGA included their support for the extension of the TIF by up to 12 years from its scheduled termination after the 2026 tax year.
- HB 1910 signed into law by Governor on June 21, 2018.
Key aspects of the IGA

- The Uptown TIF will run its course through the 2026 tax year (pay 2027).

- Beginning the 2027 tax year, only the tax increment generated by the “Development Parcel” will be used to pay for TIF eligible costs.

- The tax increment generated by all other parcels will be declared as “surplus” and returned to the taxing districts during the TIF extension period.
In the pipeline...

• **Trail East Redevelopment:**
  - $30 million 120,000 sq. ft. 5-story mixed use building
  - Retail/restaurants 1st floor
  - Office space 2nd, 3rd and part of 4th floor
  - Apartments 4th and 5th floors
  - Future consolidated headquarters for Farnsworth Group
  - Other tenant commitments:
    - AFNI headquarters
    - ISU business incubator
    - food hall R Market Place
    - Windy City Wieners
Conclusions

• The Uptown TIF, along with other public funding sources has leveraged large amounts of private investment transforming Uptown Normal

• *Without TIF none or very little of this private redevelopment/renovation investment would have occurred*

• There’s more to be done... Trail East is the next major private/public investment project

• In the opinion of PGAV and others in the economic development arena, the Town of Normal has hit a home run with respect to the revitalization of Uptown