



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Economic Development Division*

### m e m o r a n d u m

**TO:** Mayor Diane Wolfe Marlin and City Council Members

**FROM:** Sheila Dodd, Interim Community Development Services Director  
Stephany McMahon, Economic Development Supervisor

**DATE:** June 2, 2022

**SUBJECT:** A RESOLUTION IN SUPPORT OF TAX INCREMENT FINANCING

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### **Introduction**

The City Council is requested to consider the attached resolution formally stating the City's support of Tax Increment Financing (TIF) as an economic development tool to address areas of blight, support development, and promote local job creation and retention. The resolution also states the importance of TIF as a critical mechanism to spur economic development into the future of the City.

### **Background**

The Illinois Municipal League (IML) works to support and protect TIF through advocacy efforts on behalf of all TIF communities. In order to continue advocacy against legislation that proposes to limit or eliminate TIF, the IML is suggesting that municipalities adopt a model resolution in support of TIF to be used in future conversations with legislators.

### **Discussion**

TIF has been used in Illinois since the TIF Act was established in 1977, as well as 48 other states to meet economic development challenges. With TIF, financially constrained local governments can make the improvements they need, like new roads or sewers, and provide incentives to attract new businesses or help existing businesses stay and expand. TIF facilitates these improvements without tapping into existing general municipal revenues or raising taxes.

TIF helps local governments attract private development and new businesses using local resources that do not depend upon an increase in taxes or the reduction of other services. New development and businesses mean more jobs, more customers, and, in turn, more private investment for areas most in need. TIF projects also help retain existing businesses that might consider relocating away from declining areas. These jobs and investment – public and private – mean more revenue to help a community meet its other needs. As a result, the community as a whole, not just the area targeted for TIF revenues, improves.

Urbana currently has three TIF Districts: TIF 2, which began in 1986 and will expire at the end of this year; TIF 4, which began in 2001 and is scheduled to expire in 2025 unless extended; and

Central TIF, which began in 2016 and is due to expire at the end of 2040. Urbana has used TIF to help a variety of new and expanding businesses from start-ups such as Reg Cakes and Beard Culture Barbershop to business expansions such as Bunny's. TIF has also been used successfully in Urbana to support building renovations such as the The Hotel Royer and attract new businesses such as 200 Vine and JXE Peterbilt. TIF has also been a resource for infrastructure and streetscape improvements such as the Airport Road expansion and Boneyard Creek development.

## **Recommendation**

Staff recommends that the City Council approve the resolution in support of tax increment financing as recommended by the Illinois Municipal League with placement on the City Council consent agenda

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY OF URBANA  
IN SUPPORT OF TAX INCREMENT FINANCING**

**WHEREAS**, the City of Urbana has the responsibility to promote economic development and revitalization of underperforming areas within the City; and

**WHEREAS**, the City recognizes that Tax Increment Financing (TIF) is a means to address areas of blight, support development, and promote local job creation and retention; and

**WHEREAS**, TIF incentives directly contribute to the expansion of the local tax base and attract private development and new businesses to the City; and

**WHEREAS**, the availability of TIF is a critical mechanism to spur economic development for the City; and

**WHEREAS**, the City Council of Urbana finds that the availability of TIF as an economic development tool is essential for the continuing economic vitality of the City.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council, of the City of Urbana, Illinois, as follows:

Section 1. The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

Section 2. The City urges the Illinois General Assembly and Governor to protect TIF in its current form as a valuable economic development tool without additional restrictions on municipal governments and the communities they serve.

Section 3. The City Clerk shall forward a copy of this Resolution to the Illinois Municipal League.

**PASSED BY THE CITY COUNCIL** this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

AYES:

NAYS:

ABSTENTIONS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

**APPROVED BY THE MAYOR** this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

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Diane Wolfe Marlin, Mayor