



June 7, 2024

*Below are several statements/questions (in **BOLD**) made during a June 3 public hearing for about the nature and impact of the proposed tax increment financing district known as TIF No. 4. Several comments included misinformation or misinterpretations of the proposed TIF No. 4. While there may be instances of some TIFs being unsuccessful; to claim TIF as "harmful" or "wrong" is unfounded. Moreover, the City's record of accomplishment of using TIF responsibly and successfully should be considered.*

Geneva's proposed TIF No. 4 has the support of taxing districts because it will benefit all taxing entities and provides an opportunity to diversify the tax base to the benefit of taxing entities and current property taxpayers.

Similar to past TIF processes in the City of Geneva, great care has been taken to abide by the strict confines of the TIF Act. Geneva goes above and beyond with respect to public notices and access to the process as a whole. To this end, we offer the following response to comments and questions.

The house pictured in the public hearing presentation is not a primary building and it no longer exists.

False, the house referenced is a primary structure that currently exists.

Property that was considered vacant was used for agricultural purposes selling hay. Specifically on parcel 12-12-400-015.

The TIF Act specifies criteria for vacant land eligibility; the TIF No. 4 plan complies with the TIF Act.

MIF property is designated as farmland rather than vacant land by the Kane County Assessor.

The TIF Act specifies criteria for vacant land eligibility. The Assessor determined tax classification is not relevant.

If this property were properly marketed, the right developer could come in and start turning over tax increases in a year or two. Are there developers who would put up for the infrastructure?

Development of this area has been a City goal for decades. Lack of critical resources to service the area has prevented development; such conditions will not be alleviated through marketing.

How were developments realized prior to 1977 when TIFs originated?

Development regulations and economic conditions 47 years ago or longer are not relevant to the discussion today. TIFs are frequently used today because some of the programs formerly used such as industrial revenue bonds and Urban Development and Infrastructure Grants, are no longer readily available to local governments.

Venture Park is not part of the TIF - but they are willing to build on farmland, with no roads or other infrastructure, without TIF funds.

Such comparison is not relevant. Each location has distinct factors that affect development potential. Willingness is not an economic factor.

Where is the evidence that this land would not be developed but for the TIF?

Significant evidence has been presented on numerous occasions. It has been shown that "but for" the designation of the TIF district and the use of tax increment financing it is unlikely that significant investment will occur in the redevelopment area. The area-wide improvements and development assistance resources needed to redevelop and revitalize the area are extensive and costly, and the private market, on its own, cannot absorb these costs. Public resources to assist with road, infrastructure and site preparation costs are needed to leverage private investment and facilitate area-wide redevelopment. Accordingly, but for the designation of a TIF district, these projects, which will contribute substantially to area-wide redevelopment, are unlikely to occur.

300-year old oak trees were harvested, trucked off property on flatbeds, and sold for profit. Therefore, the property has a commercial use not a vacant use.

Site clearance activities do not affect the land use classification.

Why are these still considered farmland in Kane County property tax rolls?

Property tax classifications are determined by the Kane County Assessor.

In the TIF Eligibility Study, this land is mentioned numerous times as vacant land rather than farmland. This has been done to simplify the TIF eligibility to meet just one factor to qualify as blight. Farmland requires five factors to qualify as blight.

This is false; the TIF statute defines eligibility factors. Farmland does not require five factors to qualify.

The statute refers to industrial park conservation, which simply stated means there is high unemployment in the area. Has anyone confirmed whether the specifications regarding the parceling of the land have been met?

This is wrong; such limitation applies only to "industrial conservation areas," not "conservation areas" which is (one of) the relevant designations for the proposed Geneva TIF No. 4.

Are there any documentation or complaints from areas along the Fox River, such as Geneva or Batavia, regarding flooding caused by this property?

Flooding along the Fox River is irrelevant.

Are these project costs totaling \$185 million all considered upfront infrastructure and site costs?

The City is not proposing expenditures totaling \$185 million. The TIF Act requires the formation of an estimate of Redevelopment Project Costs. This estimate is an upper expenditure limit and includes potential expenses for all of the parcels in the TIF district, not just the industrial development proposed at this time. As estimates are subject to change for a variety of reasons, the TIF Act allows for line items within the estimated amount to be increased or decreased within the total expenditure limit.

Total Redevelopment Project Costs [should] exclude any additional financing costs, including any interest.

The TIF Act defines allowable project costs.

I have now heard both the City can and cannot work with the developer.

This is an oversimplified statement and an attempt to connect two unrelated issues. The City has a legal responsibility to work with landowners within the City's facility planning area to extend utilities to serve such territories. Elected officials and City staff cannot violate a landowner's legal right to alter their private rights by interference, coercion or direct order. Such an attempt is illegal and unethical.

The written redevelopment plan must address 10 provisions, one of which is - if the property is to be annexed to the municipality, the written plan must include the terms of the annexation agreement.

This TIF Act requirement is taken out of context. This requirement does not pertain to the circumstances of the proposed Geneva TIF No. 4.

Illinois statutes say a representative from the municipality is a Joint Review Board member as well as a member from the public residing in the redevelopment project area. If no qualified person is available, the JRB is relieved for the requirement of a public member. Why was a public member included who does not reside in the area? Why was allowed relief of the requirement not utilized?

This TIF Act requirement is taken out of context. This requirement does not pertain to the circumstances of the proposed Geneva TIF No. 4.

Governments providing TIF project subsidies to businesses located in a growth corridor experiencing natural economic expansion may be wasting dollars if the businesses would have located and prospered in that area anyway, with or without subsidies. Such TIFs fail the 'but for' test, as I stipulate this one does.

This statement is not pertinent to the situation in Geneva. The project area meets the "but for" test as critical resources are lacking that would otherwise support the redevelopment of the TIF district.

Bonds for electric work and nothing has been built; where does this money come from if not the City's general fund?

The funds to repay the electric bonds come from Geneva electric utility ratepayers.

TIF districts are our tax dollars.

TIF districts utilize tax dollars collected from incremental gains in property tax collections from properties within the taxing district.

Other taxing district tax dollars are reduced by TIF.

This statement is inaccurate. Taxing districts continue to receive the base value; the amount of revenue they receive is in theory no different than if the TIF had not be in place. TIF generates new investment and therefore new property tax dollars that in this case are used by the taxing district that had to shoulder the cost of bringing the development.

No guarantee TIF will succeed.

The City of Geneva has a history of successful TIF districts. The proposed project has undergone a good deal of scrutiny and has been structured carefully to provide the City with reasonable protections and assurances regarding outcomes.

TIF doesn't take into consideration the downturns in the economy like 2008 recession

This statement is inaccurate. The City reviews the TIF budget on an annual basis in order to consider current economic conditions.

TIF districts are generally extended

False, in Illinois less than 20% of all TIFs have been extended.

TIF will cause residential property value to increase.

Taxpayers are not contributing funds to the TIF District. Any public investment will be generated from property tax revenues captured within the TIF district that are paid by the property owners (i.e., incremental tax revenues). The proposed TIF district will serve to diversify the tax base, preserve City services and keep taxes lower for the citizens and residential property owners in Geneva.

Will the TIF increase tax revenues for the town?

At the end of the 23-year period, tax revenues are estimated to increase, as there will be taxable industrial properties. Annual levies of all taxing districts are spread across the total EAV for the City. Today, the majority (79%) of the EAV value is held in residential properties.

Does Illinois allow incremental sales tax to be added to TIF funds.

The TIF Act no longer allows for a state disbursement of sales tax. The July 2013 disbursement was the last quarterly payment to municipalities under the TIF Act.

The developers in the TIF district will have a base tax and will not pay more taxes as property values increase

This is inaccurate. There is no "base tax" in a TIF district. Property owners within a TIF district pay taxes at the same rate as property owners outside of the TIF district.

What happens if the developer moves?

Nothing; regardless of the developer's location, property taxes must be remitted to Kane County.

What happens if development is built and buildings become vacant?

An owner of a vacant building is required to pay property taxes. If the developer seeks a reduction of the property tax rate due to vacancy during the life of the TIF (and is granted said reduction by the assessor), the funds available for developer reimbursement will be reduced.

Additional Questions posed following the Public Hearing on June 3, 2024:

What are the base real estate taxes these properties will be locked into/accessed at for the life of the TIF (23 years)?

The real estate taxes are not locked in for the life of the TIF. The EAV (equalized assessed value) for a property is "frozen". The "frozen" EAV is referred to as the base value. Each year, a taxing district establishes its levy amount. The levy amount that is applied to the base EAV is distributed to the taxing district; the levy amount applied to any growth in EAV is captured in the TIF Fund and makes up the increment. Appendix 4 of the draft TIF No. 4 Eligibility Report and Redevelopment Plan and Project (p.36) includes a list of the 2022 EAVs by parcel. The total amount is \$650,617.

If a 5% yearly increase is allowed to the potential \$185 million TIF, in 23 years could the total amount of this TIF be \$541,173,233?

This is all incorrect. The \$185 million is an upper expenditure limit that may be funded using tax increment revenues. If the incremental revenues are not realized, the expenditures cannot take place. This is the total maximum expenditure amount for the life of the TIF.