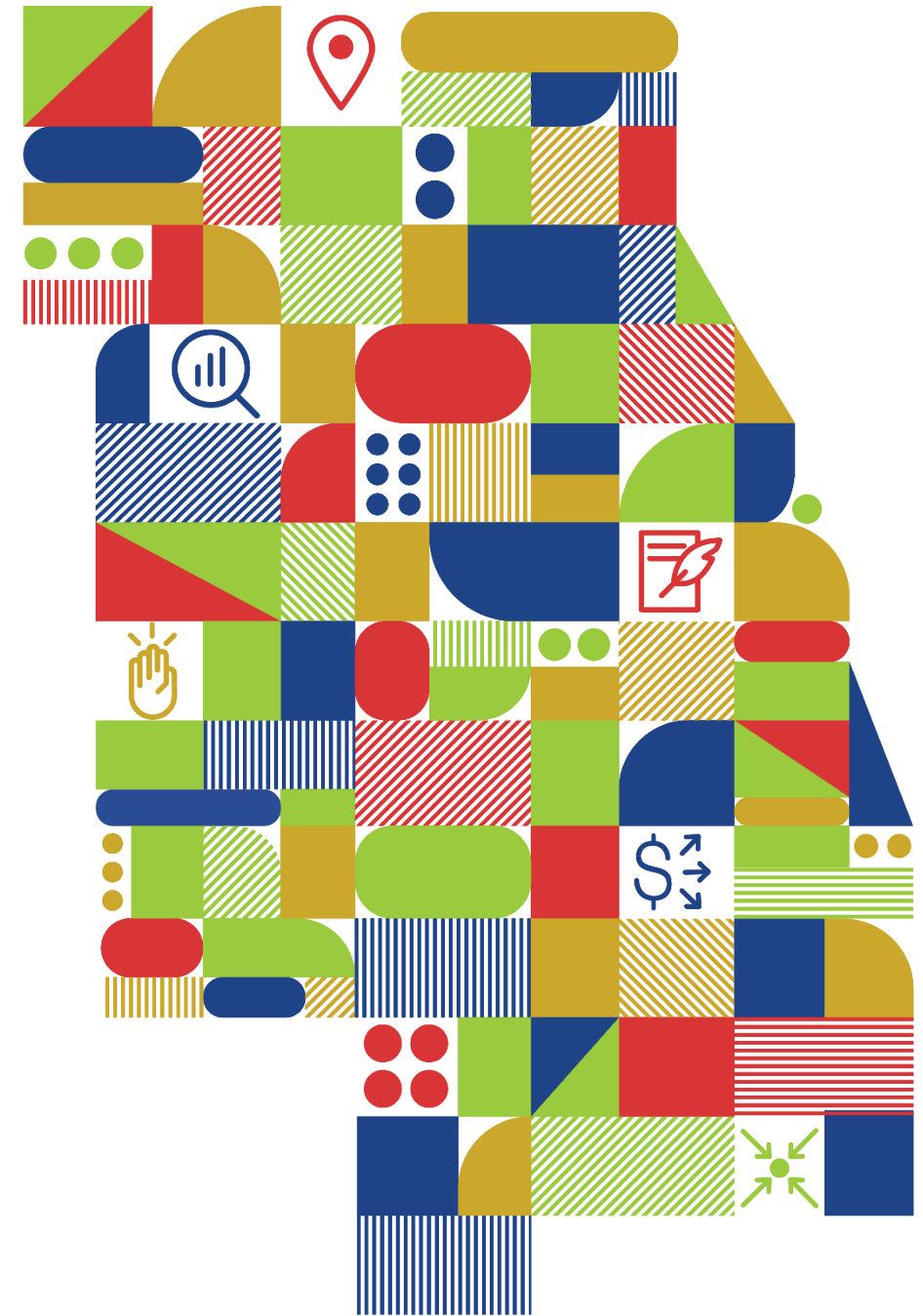




Improving local development incentives

November 18th, 2020



ON

 CMAP



2050

Institute stronger standards for transparency and accountability of economic development incentives

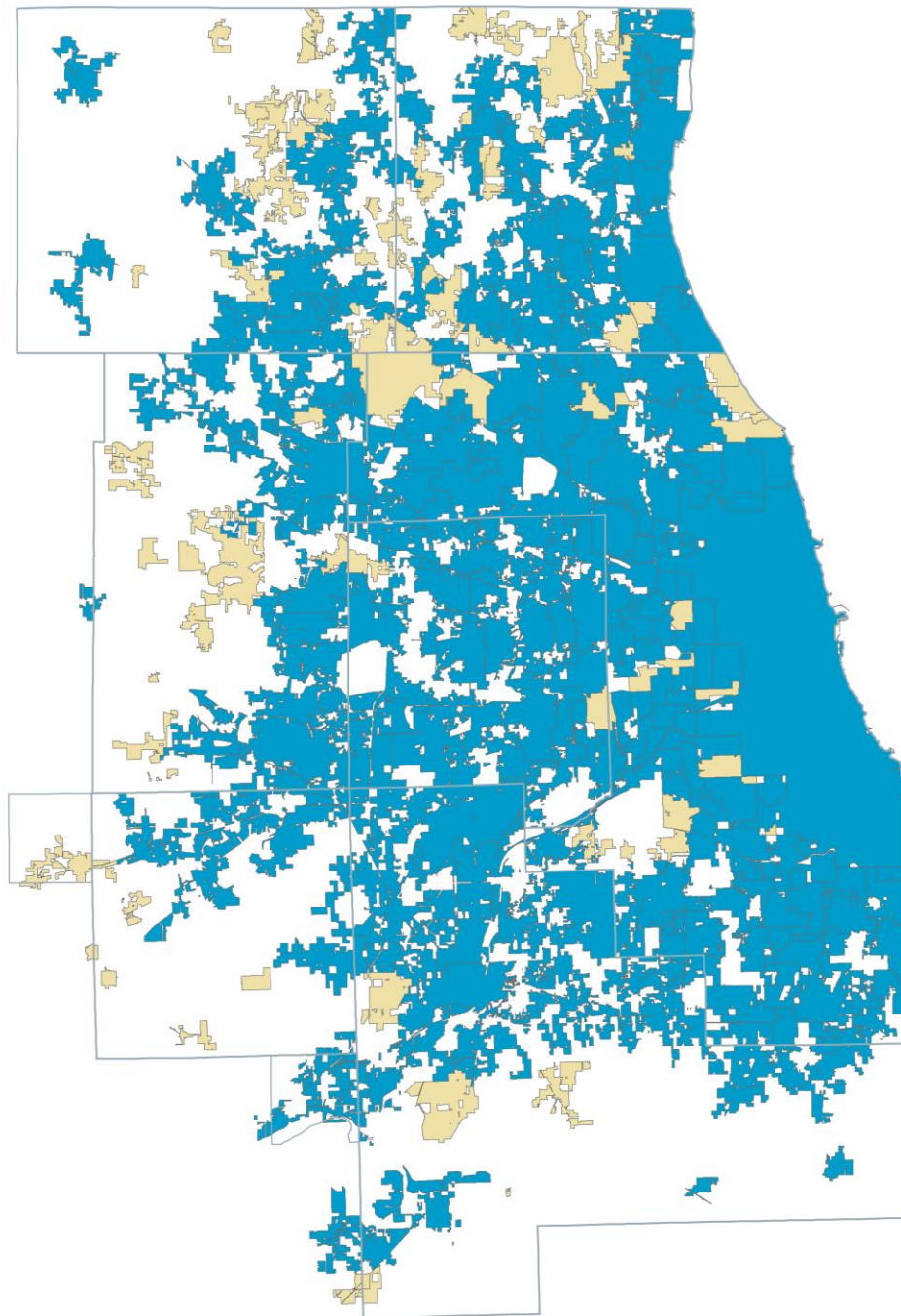
Align incentives with local and regional goals, anticipated outcomes, and tradeoffs

Municipalities with active incentive agreements or TIF districts

- No incentive agreements or TIF districts
- Current incentive agreements or TIF districts

Note: Map includes municipalities with current agreements for sales tax rebates, property tax abatements, Cook County assessment classifications 6, 7, and 8, and Tax Increment Financing districts.

Source: Chicago Metropolitan Agency for Planning analysis of Illinois Department of Revenue, Cook County Assessor's Office, and various county treasurer's office data.



\$16.7 billion

Equalized assessed value in a tax increment financing district

\$350 million

Sum of sales tax rebates' published maximums

Academic perspectives

75%+ of incentives do not sway business location decisions

High indirect costs

Competition between local governments can drive revenues down

Local perspectives

Steep competition

Slow growth

High property tax burden

Limited capacity

Incentives and racial and economic equity

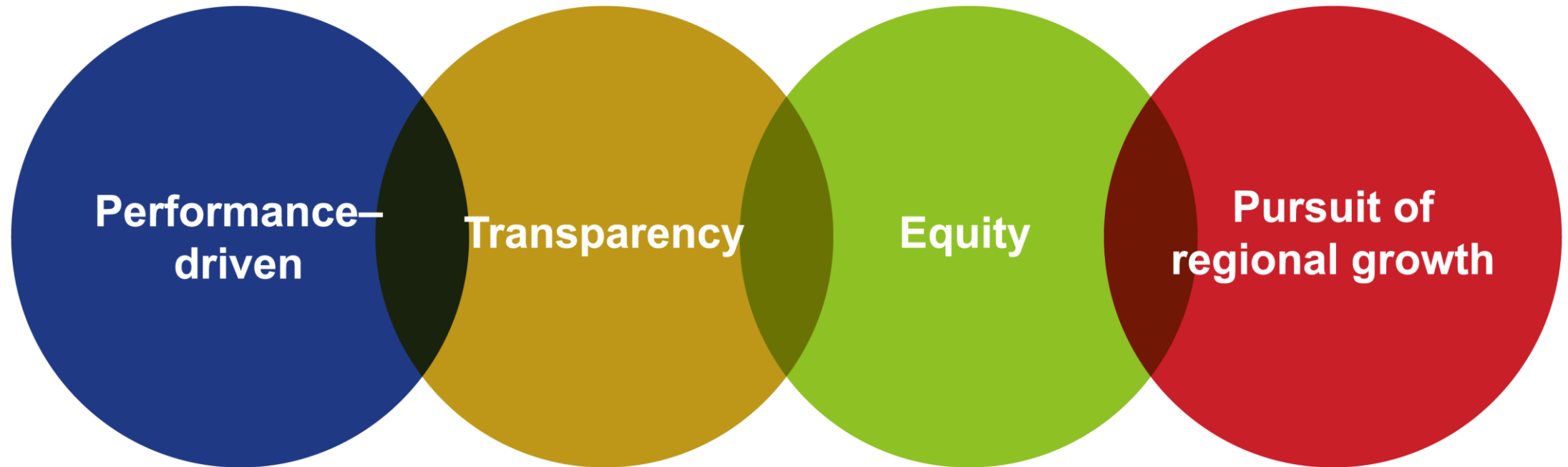


Improving local development incentives

Effective practices for local governments in northeastern Illinois



Four key principles



Recommended strategies

- Establish goals and conditions publicly
- **Use incentives to develop community benefits and advance racial and economic equity**
- Give incentives only when they actually make a difference
- **Target projects with the greatest potential impact**
- Ensure the benefits of each incentive outweigh its costs
- **Design incentives to promote high quality employment**
- Give incentives in partnership — rather than competition — with other local governments
- **Consider non-financial solutions to challenges faced by prospective businesses**
- Establish, monitor, and enforce business commitments
- Conduct transparent evaluations of incentive programs

Consider non-financial solutions to challenges faced by prospective businesses

Standard practices

- Streamline and clarify development approval process
- For key sites, share parcel-specific costs and risks
- Use incentives strategically

Best practices

- Provide development review fast-track programs
- Provide needed public goods and services (e.g., upgraded transport infrastructure)

Give incentives in partnership—rather than competition—with other local governments

Standard practices

- Work with other districts to create a total package just large enough for financial feasibility.
- Consider the net impact of an incentive on all impacted local governments
- Avoid incentive-based bidding wars with neighboring districts

Best practices

- Establish revenue-sharing and/or cost-sharing agreements with neighboring local governments
- Develop non-poaching agreements to limit intraregional competition



cmap.is/incentives-guide

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