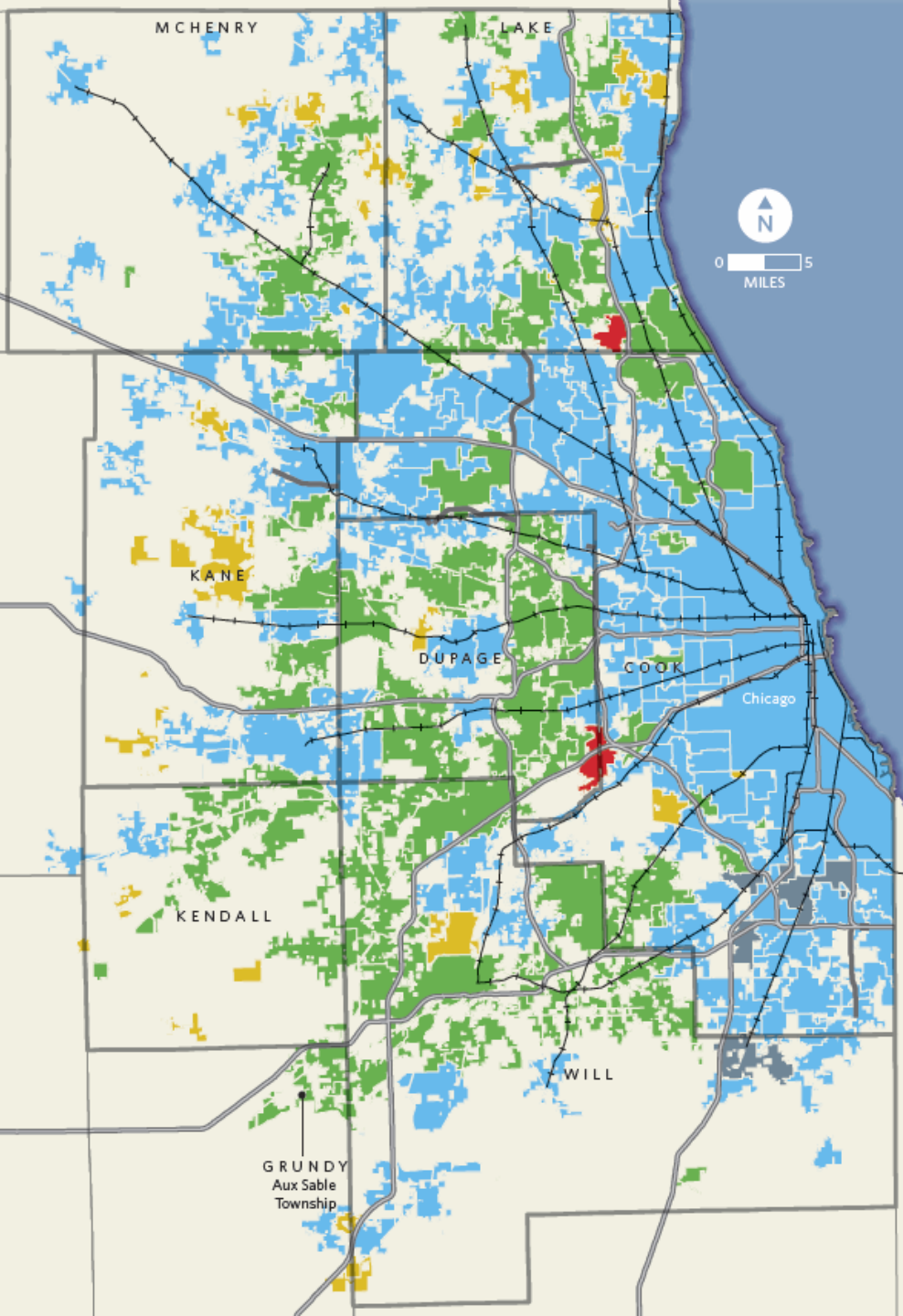


ON TO 2050

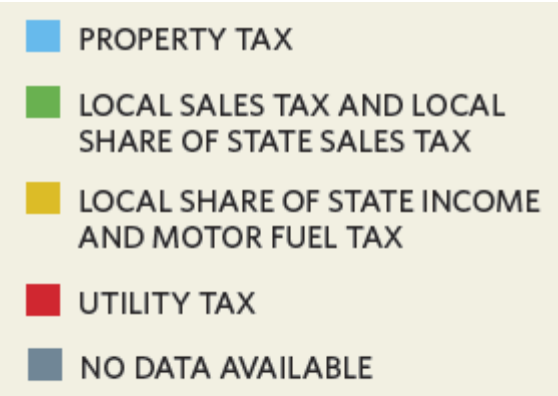
Tax Policy and Land Use in ON TO 2050

July 7, 2016



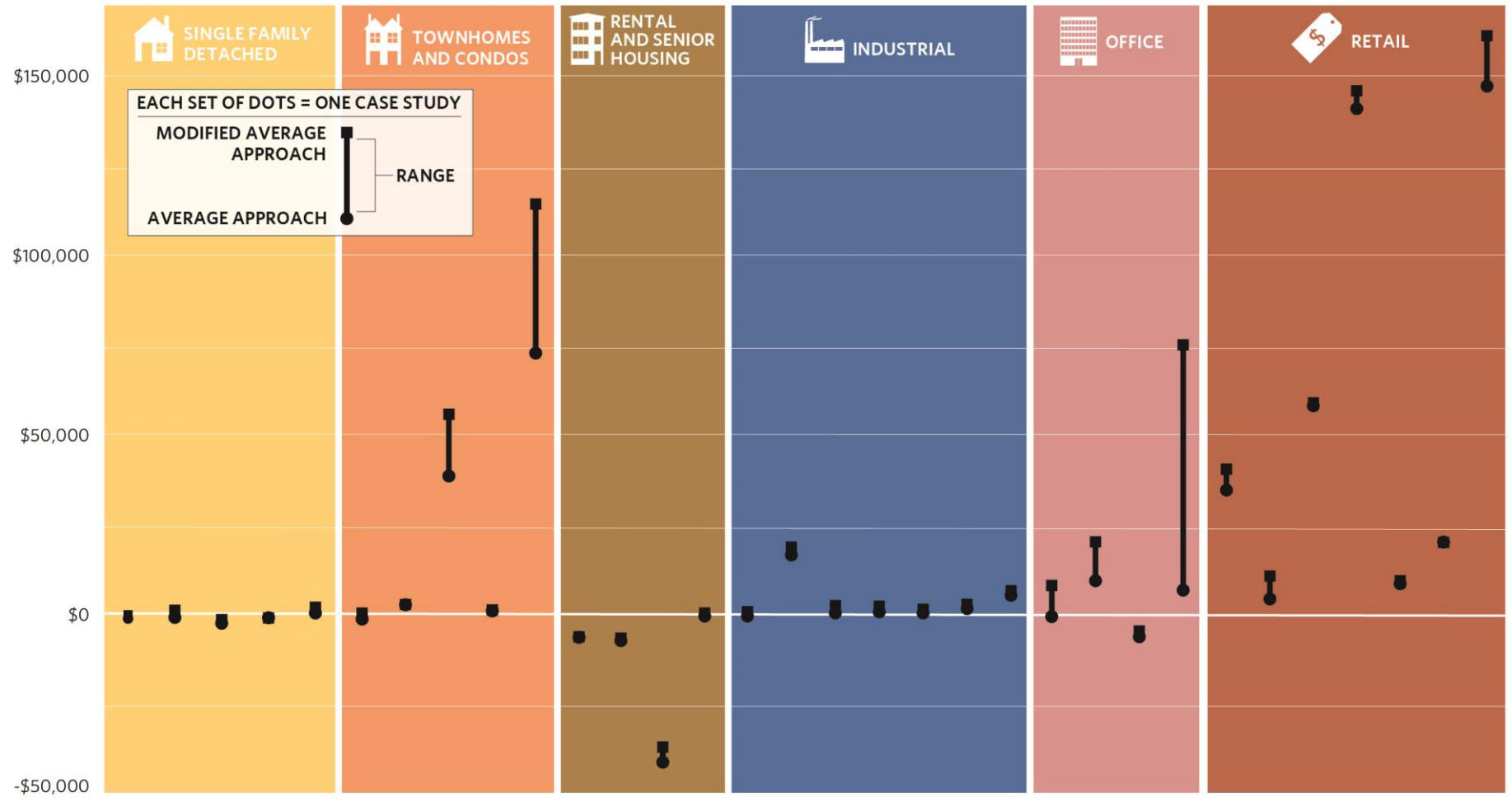
A mix of revenue sources fund municipalities in the region

Largest revenue source among four major sources, by municipality, 2014



Not all developments accrue sufficient revenue to cover services and infrastructure

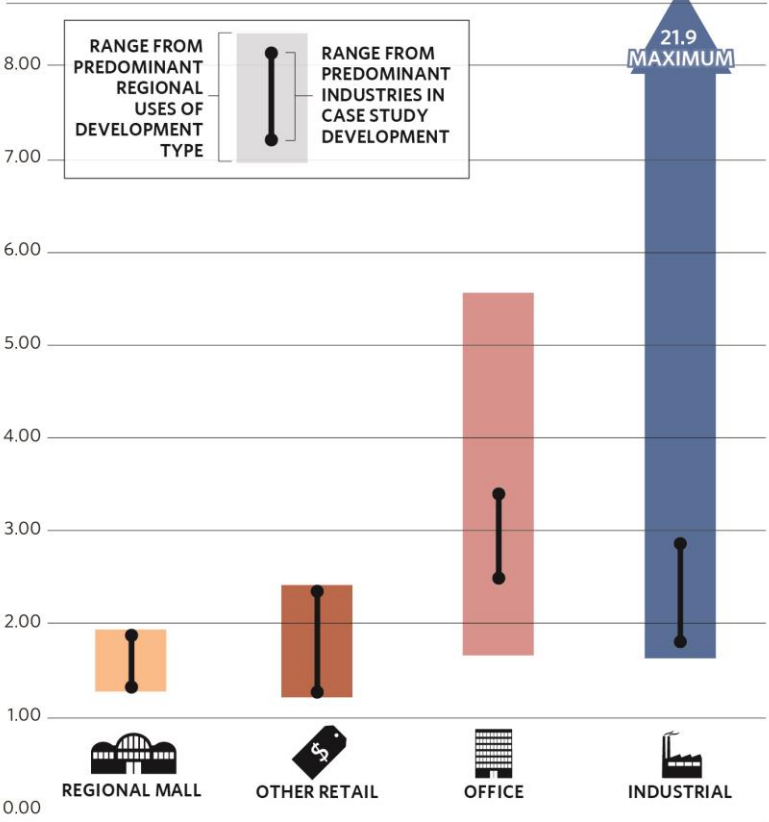
Municipal net fiscal impact per acre by project and land use



Bottom of range represents the average cost approach, top of range represents the modified average cost approach.
 Source: Chicago Metropolitan Agency for Planning analysis of SB Friedman data

Communities choose development types for many reasons

Employment multipliers by development type, ranges from predominant industries in case study developments and from predominant regional uses of different development types



Sources: Chicago Metropolitan Agency for Planning analysis of Economic Modeling Specialists Inc. data, 2012, downloaded August 12, 2013.

- Quality of life
- ← Economic impacts
- Meeting community goals
- Fiscal considerations

CMAP researched the extent that the tax structure supports a wide array of land uses

- What revenues do Illinois municipalities receive for various land use types and are they sufficient to cover long and short term services and infrastructure?
 - Retail and other commercial
 - Office
 - Industrial
 - Residential
- For land uses in Illinois that lack sufficient municipal revenues to support the cost of services, what strategies could be developed?



How did we explore these issues?

- ❑ Reviewed the literature and best practices
- ❑ Refined prior CMAP work on the topic
- ❑ Interviewed experts and stakeholders, including several northeastern Illinois communities
- ❑ Sought feedback from CMAP committees

Employ a balanced local revenue and land use mix

Local revenues have the potential to influence development priorities



Strategies should facilitate municipal support for all land use types



1. Support expanding the sales tax base
2. Analyze the multijurisdictional nature of development



Focus on improving the economy

Some local economic development efforts focus on increasing local tax revenue



Economic development efforts should focus on local and regional economic gain



1. Encourage communities to establish criteria for incentives
2. Coordinate economic development efforts
3. Plan for market-feasible development across communities boundaries



Improve tax and community capacity

Many communities have difficulty funding operations and infrastructure improvements



Strategies should focus on improving outcomes for communities with lower fiscal capacity



1. Develop strategies for improving municipal technical capacity
2. Address tax policy and other structural issues



Romeoville relies on businesses and developers to fund infrastructure

- ❑ Romeoville has fifth largest amount of industrial area in the region
- ❑ Village ensures that developers cover the cost of infrastructure through recapture agreements
- ❑ Services and maintenance are covered by state and local MFT
- ❑ Fee schedule reflects full cost of development approvals
- ❑ Village also utilizes TIF



Due to insufficient revenues, Long Grove considered privatizing residential-serving roads

- Building permits and sales tax revenues were sufficient to cover road maintenance costs
- A \$2 million gap occurred due to recession and the completion of planned build out
- Voters did not approve the Village's first property tax levy
 - The Village scrapped an ordinance intended privatize any residential roads not served by SSAs
 - Following additional economic development, village revenues increased 40%



Strategies to fund industrial-related infrastructure are often specific to a particular development

Maintenance agreements

Recapture agreements

TIF Districts

Special service areas

Development-specific

Broad

Potential new mechanisms:

- *Change state revenue disbursements*
- *Incremental use tax revenue*
- *Local MFTs*



Balance development-specific and broad revenue sources

Strategies for ensuring sufficient local infrastructure funding vary across the region



Communities should employ a mix of strategies tailored to their infrastructure needs

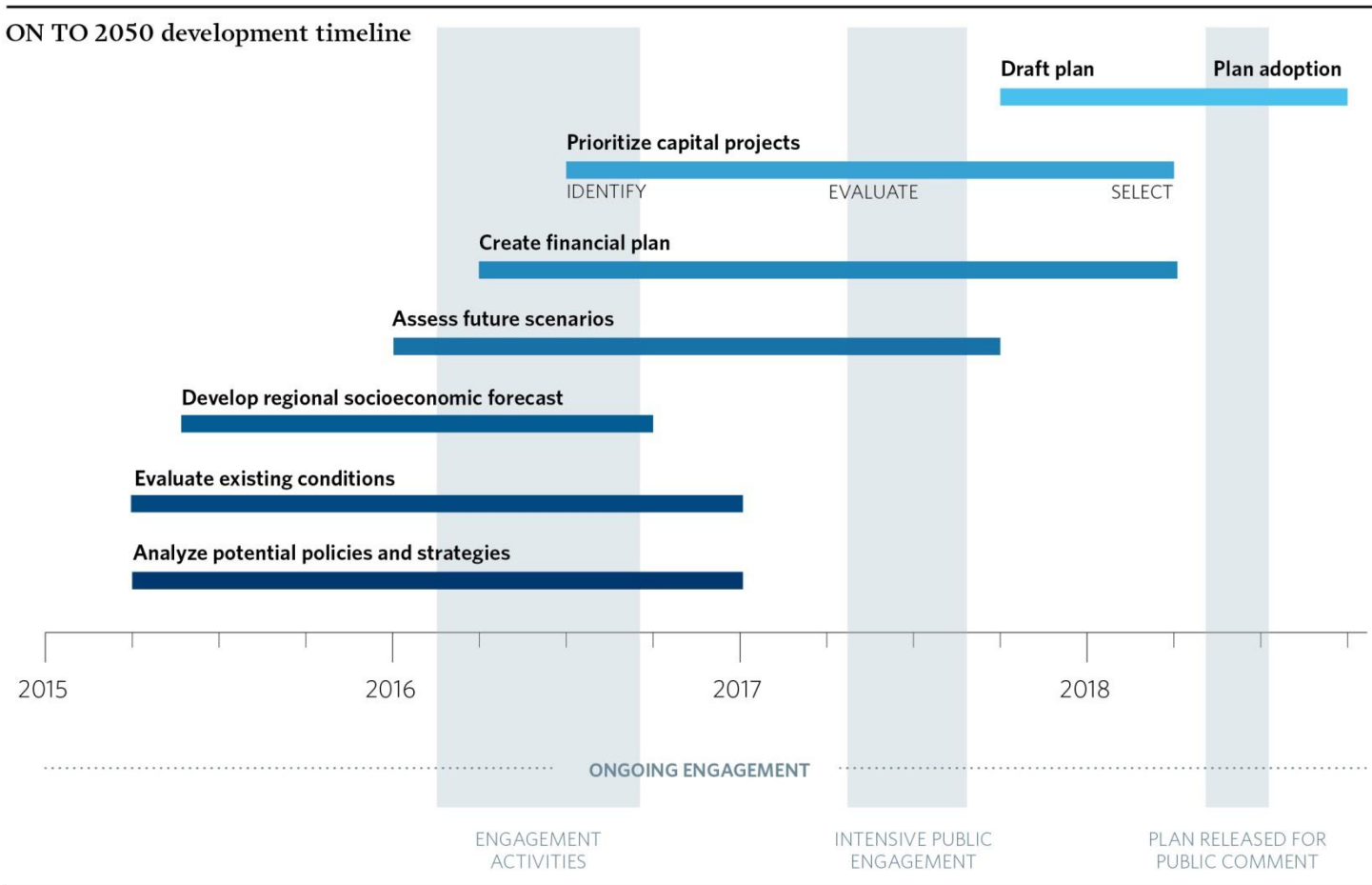


1. Consider opportunities for development specific revenues
2. Explore broad revenues for industrial-related infrastructure needs



What's next?

- Comments on early draft by July 15, 2016
- Paper will be finalized in the fall of 2016



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