

Operational Services

Tax Abatement

The Illinois Revenue Act of 1939, Section 18-170 (35 ILCS 200/18-170), as amended, provides that any taxing district may abate any portion of its taxes on property located in an Enterprise Zone created under the Illinois Enterprise Zone Act or in a River Edge Redevelopment Zone created under the River Edge Redevelopment Zone Act where new improvements have been erected or where existing improvements have been renovated or rehabilitated after December 7, 1982. The amount of abatement is limited to the amount attributed to the new construction or renovation or rehabilitation on the property.

The Illinois Revenue Act of 1939 Section 18-165 (35 ILCS 200/18-165), as amended, provides that any taxing district may abate any portion of its taxes on certain types of property as identified in the statute. The amount and duration of abatement is specified in statute.

This tax abatement policy provides a methodology, requirements and structure for examination of requests for tax abatement directed to the Board of Education. Tax abatement reduces the amount of taxes paid by a property owner whose property qualifies and is approved for abatement.

I. Section 18-170 and 18-165 Abatements

A. Tax abatement under Section 18-170:

The Board will consider applications for tax abatement where there are new improvements, and renovation or rehabilitation of existing improvements to real property within the District boundary under the following circumstances:

1. New improvements, renovation or rehabilitation to property owned by a private entity or individual; and,
2. The property lies within the boundaries of the District; and,
3. The property lies within an enterprise zone or river edge development zone established by the City of Rockford; and,
4. The new improvements, renovation or rehabilitation are projected to increase District real estate taxes over the taxes presently produced by the property.
5. Property owned by entities or individuals which do not pay real estate taxes is excluded.

6. Property lying within a Tax Increment Financing Redevelopment Area (TIF District) is excluded.
7. The owner of property receiving abatement shall execute a binding agreement with the City of Rockford or the Board containing terms and conditions of the abatement.

B. Tax abatement under section 18-165

Property may be considered for tax abatement under section 18-165 under the following circumstances:

1. Property owned by a private entity or individual which lies within the boundaries of the District and qualifies under one or more of the following provisions of section 18-165 (a)(1) (commercial and industrial), (a)(1)(B) (500 acres or 225 acres as a high impact business), 1(C)(commercial or industrial firm expanding facilities or increasing the number of employees), or (a)(5) (elder housing); and,
2. Abatement is permitted only to property meeting the statutory use requirements of the applicable subsection of section 18-165; and,
3. The amount and duration of abatement shall be set by the Board of Education and shall not exceed the maximum amount and duration allowed under section 18-165.
4. Property owned by entities or individuals which do not pay real estate taxes are excluded.
5. Property lying within a Tax Increment Financing Redevelopment Area (TIF District) is excluded.
6. Owner of property receiving abatement shall execute a binding agreement with the City of Rockford or the Board containing terms and conditions of the abatement.

II. Guidelines

- A. No tax abatement under section 18-170 shall be granted in excess of 100% of the tax produced by the new improvement or renovation or rehabilitation of existing improvement on the property and shall be effective only upon completion of the new improvement, renovation or rehabilitation.
- B. No tax abatement under section 18-165 shall be granted in excess of the statutory limitation of amount and duration.
- C. Tax Abatement resolution shall specify the abatement percentage, duration, commencement and any required terms or conditions.
- D. Any real property tax abatement granted under this policy shall begin with taxes for the year in which the tax abatement resolution is filed with the County Clerk, if such resolution is filed prior to July 1. If such resolution is filed after July 1, taxes shall be abated beginning with the following year's taxes.
- A. Any tax abatement action by the Board of Education will be conditioned upon not less favorable tax abatement action by other tax districts having jurisdiction over the subject property.
- F. Any tax abatement will require two-thirds majority of the Board of Education to approve.

III. The Board of Education's approval or denial may be based upon one or more of:

- A. In section 18-170 abatements, whether the application for abatement demonstrates the property and project meets the requirements established by the City of Rockford for approval of the abatements in Enterprise Zones or River Edge Redevelopment Zones;
- B. In section 18-165 abatements whether the application for abatement demonstrates compliance with statutory requirements for the relevant category of property;
- C. In both section 18-170 abatements and section 18-165 abatements whether the application demonstrates that abatement is in the best interests of the District;
- D. The Board may rely upon the analysis of the City as to whether an abatement application meets the City abatement criteria for approval or may conduct an independent analysis or use such other Board criteria as may be appropriate to determine the relative benefit and cost of tax abatements in an Enterprise Zone, a River Edge Redevelopment Zone, or a section 18-165 abatement.

- E. Abatement applications submitted to the Board must include the application filed with the City of Rockford unless the property lies outside the City boundaries.

IV. Instructions for Application for Real Estate Tax Abatement

- A. Any owner of real property seeking tax abatement under section 18-170 or section 18-165 shall file an application for such abatement.
- B. No abatement application shall be accepted where the property lies within the boundaries of the City of Rockford unless an application has also been filed with the City.
- C. Where the property lies within the City of Rockford, the applicant shall file with the District Chief Financial Officer a duplicate of the application filed with the City including all schedules and attachments.
- D. Where the property lies within the District boundary but outside the City of Rockford, the application shall be filed using the same application as though the property was within the boundaries of the City.
- E. Final determination of the eligibility of the applicant for an abatement of taxes under this policy shall be made by the Board in its discretion. The Board is not bound to any determination of the City of Rockford as to a decision to abate taxes on any property.

For further information, contact: *Chief Financial Officer*
Rockford Board of Education
501 7th Street Rockford IL 61104
(815) 966-3063V.

The Superintendent or designee shall report annually all current tax abatements.

LEGAL REF: 35 ILCS 200/18-170
35 ILCS 200/18-165

Adopted: March 11, 1997
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