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Legislation Text

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Committee(s) Assignment: Committee on Finance

Chicago Public Education Revitalization Ordinance

Whereas, Tax increment financing (TIF) is a tool intended by Illinois state law to encourage economic development by providing public support to encourage investment in targeted areas that meet certain conditions of blight, decay or underperformance; and

Whereas, the Chicago Public Schools administration have imposed deep and unsustainable cuts in many neighborhood elementary school and high schools in consecutive past years; and

Whereas, the City of Chicago's neighborhoods are waiting for improvements to basic infrastructure after years waiting through the economic recession; and

Whereas, in light of the current economic circumstances, a short-term infusion of funds back into the schools and neighborhoods will offset drastic cuts, helping achieve the ultimate goal of supporting strong schools and our neighborhoods; and

Whereas, Cook County Clerk David Orr has released the 2016 TIF projections which shows that Chicago will collect at least \$461 million in TIF revenue for the 2016 tax year which is an increase in Chicago's 2016 TIF revenue of almost \$89,000,000 over the prior year; and

Whereas, this surplus includes moneys not required, pledged, earmarked, or otherwise designated for payment and securing of the obligations and anticipated redevelopment project costs; and

Definitions:

(A) "Financially Distressed School District" means a public school district, which is experiencing one or more of the following:

- (1) A bond rating below investment grade has been assigned**
" to one of the most recent five bond issues or a credit review

by a major rating agency has indicated that a future bond issue would be rated below investment grade.

(2) Total operating expenses exceeded total operating revenues by 5% or more in the school district's General Operating Fund in its most recently completed fiscal year, as reported in

the Comprehensive Annual Financial Report. (3) The actuarial funded ratio of its teacher's pension fund is 75% or less as reported in the school district's most recent actuarial valuation report.

B) "Distressed Surplus Funds" means moneys in all Special Tax Allocation Funds not required, pledged, earmarked, or otherwise designated for payment and securing of TIF Contractual Obligations.

C) "TIF Contractual Obligations" means bonds, loans, debentures, notes, special certificates or other evidence of indebtedness issued by the City of Chicago to carry out a redevelopment project or to refund outstanding obligations and payments associated with a redevelopment agreement or other binding contract, which has been approved by the local governing body of the municipality. TIF Contractual Obligations do not include anticipated redevelopment project costs, multi-year capital plans, or other potential future payments not required to be made pursuant to a legally binding written document approved by the municipal governing body.

(D) Public School Revitalization Grant means a grant equal to 100% of a taxing district's TIF surplus distribution, which a taxing district distributes to the Chicago Public School district to be used for annual operating expenses.

Therefore, be it ordained, that:

Section 1: If the Chicago Public School District qualifies as a Financially Distressed School District as of January 1 of each year, the City of Chicago must estimate by September 1 of the same year, total TIF Contractual Obligations and total Distressed Surplus Funds for the next calendar year. The calculations of TIF Contractual Obligations and total Distressed Surplus Funds must be placed on the City of Chicago website and include a description of all calculations, assumptions, and a detailed list of all TIF Contractual Obligations. Within 60 days of collecting incremental taxes, the City will declare all Distressed Surplus Funds as "surplus" funds as defined in the Tax Increment

Allocation Redevelopment Act (TIF Act) (65 ILCS 5/Art. 11 Div. 74.4). In addition to distributing the appropriate portion of surplus funds to the taxing districts in accordance with the TIF Act, the City of Chicago will distribute a Public School Revitalization Grant to the Chicago Public School District no later than December 31 immediately following

the September 1 calculation of total TIF Contractual Obligations and total Distressed Surplus Funds. In addition, the City of Chicago will encourage all other taxing districts to make Public School Revitalization Grants to the