



LAWYERS FOR LOCAL GOVERNMENT

Developer Negotiations, Economic Development & Fiscal Impacts, Special Taxation

A Sales Tax TIF?

Senate Bill 1909 which is currently pending before the Illinois Senate proposes the creation of the **Sales Tax and Revenue (STAR) Bond Financing Act**.

STAR Act bonds would provide municipalities with a new mechanism for funding "destination-creating projects" by allowing local governments to issue STAR bonds that would be repaid from sales taxes generated within STAR districts. Unlike a Business Development District, the STAR Bond Financing Act District would not create or impose a new sales tax but rather, it would allow the sales taxes generated within the district to be used to cover debt service on the STAR bonds.

Under the proposed Senate Bill, local governments would be able to create STAR districts within blighted areas of their community and compile a list of projects located within that district that could potentially qualify to receive STAR bonds. There are some issues with this Senate Bill as it is currently drafted. First, specific eligibility criteria must be met, including "blight" and projects must meet thresholds for capital investments, sales tax generation and job creation. Second, both the STAR district and any proposed projects within the STAR district must receive approval from the Illinois Director of Commerce and Economic Opportunity. Finally, there cannot be more than one STAR district within 250 miles of any another STAR District. There are a number of local government associations looking at this Bill and seeking changes that would improve its usefulness.

If this Bill gets passed with some changes, STAR bonds would provide municipalities with another tool to promote and finance the redevelopment of blighted areas and they are expected to boost Illinois tourism, retail, and entertainment industries in struggling areas of local communities. All of which would lead to a stronger overall economy for our state.

A full copy of the bill can be found [here](#). I am compiling comments from local communities and sharing them with the Illinois Tax Increment Association and welcome your [feedback](#).

Respectfully,

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Paul Nicolosi is managing partner of his family's 60-year old municipal law firm, [Nicolosi & Associates, LLC](#), which has offices in Chicago's Loop and in Rockford, Illinois. Together with its affiliated planning and financial consulting practice, [The Buckley Companies](#), Nicolosi & Associates is able to provide unique blend of services to local governments with creative solutions that help them achieve results. The members of both firms have professional degrees in Law and Accounting; are licensed Architects, Planners and Real Estate Brokers; are Financial Analyst; and trained Project Coordinators.

Nicolosi & Associates represents local communities as their general corporate counsel as well as special counsel on financial and economic development issues. The quality of the firm's service and the level of its expertise in municipal law are best described by the [Testimonials](#) provided by its clients. The members of the firm are regular speakers at the Illinois Municipal League, the Illinois Tax Increment Association, and the Illinois Treasurers Association, and are published authors on the topics of local government law and finance.

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