# HOUSE RESEARCH

## Bill Summary

**File Number:** H.F. 4218 **Date:** April 10, 2018
**Version:** As introduced

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**Subject:** City of Bloomington—tax increment financing (TIF)

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This bill modifies a 2008 special law for the city of Bloomington which provided special rules for the city's Bloomington Central Station TIF district. The special law was also amended in 2013. Under these special laws, the TIF district was allowed to:

- Extend the five-year rule to 15 years.
- Extend the duration of the district by 8 years.
- Unfreeze the original tax rate so that tax increment is computed using the current tax rates, rather than the tax rate in effect when the district was certified.

This bill would fully exempt the district from five-year rule.

**Effective date:** Upon local approval by the city.

**Background on the five-year rule:** The five-year rule requires 80 percent (75 percent for redevelopment districts) of tax increment revenues derived from a TIF district after the fifth year to be spent to decertify the district. After the fifth year, money may only be spent to (1) pay bonds or contracts that financed improvements, if bonds were issued before the end of the five-year period or (2) reimburse the developer for costs it paid to make improvements in the district during the first five years. When sufficient money has been set aside, the district is decertified. This is intended to ensure that after a reasonable period of time, tax increments are used only to pay off bonds or development contracts and to put the property back on the tax rolls, rather than undertaking new expenditures or projects.