



Legislation Text

File #: 19-204, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Pass the ordinance to abate a portion of the 2018 tax levy for Special Service Area No. 23 (Naper Main)

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director of Finance

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City entered into an economic incentive agreement in July 2012, which committed the developer to reimbursing the City for the cost of the land financed by the City for the Naper Main project. The property associated with Special Services Area No. 23 was sold in January 2017 by LFP Holdings, LLC to RPAI Naperville Main, LLC. As part of the property sale, the terms of the economic incentive agreement were transferred to the new property owner and the sale will have no effect on the incentive agreement nor the property tax levy for the Special Service Area No. 23.

The repayment totals \$1,464,707 plus interest at a rate of 4.29%. The agreement identified Special Service Area No. 23 as the repayment method. The economic incentive agreement also identified restrictions limiting the value of the annual property tax levy for SSA No. 23. The economic incentive agreement provided for a sales tax rebate to offset the property tax levied through SSA No. 23. The rebate was set at 100% of the State Sales Tax revenues received by the City from the business associated with the developed property. Furthermore, the annual property tax levy is limited to the lesser of the actual sales tax rebate distributed to the developer during the previous year or \$98,939, or the annualized value the principle and interest over the loan term.

DISCUSSION:

On December 18, 2018, City Council passed Ordinance 18-151 which levied and assessed taxes for SSA No. 23 in the amount of \$98,939; for the fiscal year starting January 1, 2019 and ending December 31, 2019.

Per the economic incentive agreement, the levy will be reduced to the amount of State Sales Tax revenue generated in 2018, which totaled \$65,365.49. Therefore, the property tax levy for SSA No. 23 is being reduced to match the actual sales taxes revenues rebated.

FISCAL IMPACT:

Reduction of the 2018 Property Tax Levy for Special Service Area No. 23 by \$33,573.51.

