

## 2016 BUDGET INITIATIVE

### TIF SURPLUS AND CENTRAL AREA FREEZE

Mayor Emanuel has a long record of TIF reform. Since taking office, the Administration has ended 14 TIFs, posted all data online, and developed a first-ever surplus strategy that will have provided approximately \$400 million to local governments bodies including this coming year's surplus. Earlier this year, Mayor Emanuel launched a second phase of TIF reform that included a freeze on all new spending in seven downtown TIF districts.

Additionally, Mayor Emanuel declared the largest TIF surplus of his administration for 2016 with a total, \$113 million will be provided a surplus for local government bodies.

- **Surplus \$22 million for City of Chicago in 2016.** In 2016, TIF surplus will provide \$22 million for the City of Chicago's 2016 operating budget and \$60 million for Chicago Public Schools, as well as additional resources for other local units of government such as the Chicago Park District and Cook County.
- **Freeze new spending in downtown TIFs and sunset them when the current and committed projects are paid off.** This policy will affect seven TIF districts and free about \$250 million over the next five years – meaning \$125 million to the school district and \$50 million to the City over that period. A small amount will be held back for emergency infrastructure projects.
- **Codify the Mayor's TIF surplus EO.** The current policy dictates that the City declare a surplus of at least 25% of unrestricted cash balance in healthy TIFs. Under this new law, the City anticipates surplusing around \$150 million over the next five years, with the funds being allocated to schools, the city, county and other local governments.
- **Establish a first-ever TIF termination policy.** Similar to the TIF surplus strategy, the Mayor has asked his finance team to develop a termination strategy that includes criteria under which TIFs should be shuttered. The Administration will announce the policy by the end of 2015. The Mayor has closed 14 TIFs over the last four years, up from 6 in the prior ten years.

### BACKGROUND: THE EMANUEL RECORD TIF REFORM

Soon after taking office, Mayor Emanuel reformed the TIF program so that spending is transparent and achieves maximum return on investment. These reforms include:

- **Launching the TIF Reform Task Force** to provide recommendations for increasing transparency and accountability, maximizing performance, and strengthening oversight. Many of the recommendations of the task force have been codified or put into practice.
- **Establishing First-Ever TIF Surplus Policy** to formalize and expand the practice of declaring a TIF surplus. Since its implementation \$290 million in TIF funds have been returned to Chicago's public schools, the Park District and other governments.
- **Creating Online TIF Data Portals** to provide public access to performance data to all projects in one place. The City provides data in multiple easy-to-use formats.
- **Requiring TIF Project Assessment Reports** to provide a brief description of the project and outlines its ability to meet the City's economic development goals, such as jobs created, return on investment, and economic impact. In addition, each assessment report outlines taxpayer protection provisions that allow the City to take corrective action if a project fails to deliver on its commitments. Project assessment reports are posted online.