

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2789

Introduced 2/6/2025, by Rep. Mary Beth Canty

SYNOPSIS AS INTRODUCED:

35 ILCS 200/Art. 10 Div. 22 heading new
35 ILCS 200/10-900 new
35 ILCS 200/10-905 new
35 ILCS 200/10-910 new
35 ILCS 200/10-915 new
35 ILCS 200/10-920 new
35 ILCS 200/10-925 new
35 ILCS 200/10-930 new
35 ILCS 200/10-935 new
35 ILCS 200/10-940 new
35 ILCS 200/10-945 new
35 ILCS 200/10-950 new
35 ILCS 200/10-955 new
35 ILCS 200/10-960 new
35 ILCS 200/10-965 new
35 ILCS 200/10-970 new
35 ILCS 200/10-980 new
35 ILCS 200/10-990 new

Amends the Property Tax Code. Provides that property certified by the Department of Revenue as mega project property is eligible for an assessment freeze. Provides that, if property is certified as mega project property, then, during the incentive period, the value added to the property by the project shall not be considered for assessment purposes, and the total valuation of the property during the incentive period shall be limited to the base year valuation. Provides that "mega project" means a project that satisfies certain minimum investment, investment period, and other requirements. Contains provisions concerning incentive agreements between a company that plans to undertake a mega project and a local municipality obligating the company to make special payments in addition to property taxes. Effective June 1, 2025.

LRB104 06189 HLH 16224 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Property Tax Code is amended by adding
5 Division 22 of Article 10 as follows:

6 (35 ILCS 200/Art. 10 Div. 22 heading new)

7 Division 22. Mega project property

8 (35 ILCS 200/10-900 new)

9 Sec. 10-900. Findings. The State's economy is highly
10 vulnerable to other states that have major financial incentive
11 programs and competitive tax incentives. Certain businesses
12 and commercial operations that generate significant economic
13 activity bear a disproportionately high property tax burden
14 compared to their impact on government services and compared
15 to their positive economic benefits to the State and the local
16 economy and their derivative benefits to taxing districts. To
17 incentivize the significant capital investment and economic
18 activity of certain large-scale businesses and industrial and
19 commercial operations, the State finds that a valuation
20 procedure for real property taxes on special properties, known
21 as mega projects, will reduce barriers to investment and
22 promote economic activity in Illinois. The General Assembly

1 finds that it is in the best interest of the State to establish
2 a new category of valuation for mega projects that recognizes
3 their complexity and encourages local development at
4 underutilized properties.

5 (35 ILCS 200/10-905 new)

6 Sec. 10-905. Mega Project Assessment Freeze and Payment
7 Law; definitions. This Division 22 may be cited as the Mega
8 Project Assessment Freeze and Payment Law.

9 As used in this Division:

10 "Assessment officer" means the chief county assessment
11 officer of the county in which the mega project is located.

12 "Base year" means the base year identified in the
13 incentive agreement and approved by the local review board
14 pursuant to subsection (b) of Section 10-915.

15 "Base year valuation" means the assessed value, in the
16 base year, of the property comprising the mega project.

17 "Company" means one or more entities whose aggregate
18 investment in the mega project meets the minimum investment
19 required under this Division. The term company shall include a
20 company affiliate unless the context clearly indicates
21 otherwise.

22 "Company affiliate" means an entity that joins with or is
23 an affiliate of a company and that participates in the
24 investment in, or financing of, a mega project.

25 "Department" means the Department of Revenue.

1 "Eligible costs" means all costs incurred by or on behalf
2 of, or allocated to, a company prior to the Department's
3 issuance of the mega project certificate or during the
4 investment period to create or construct a mega project.
5 "Eligible costs" include costs incurred up to 5 years prior to
6 the date of adoption of the ordinance approving the incentive
7 agreement.

8 "Eligible costs" include, without limitation:

9 (1) the purchase, site preparation, renovation,
10 rehabilitation and construction of land, buildings,
11 structures, equipment and furnishings used for or in the
12 mega project;

13 (2) any goods or services for the mega project that
14 are purchased and capitalized under generally accepted
15 accounting principles, including any organizational costs
16 and research and development costs incurred in Illinois;

17 (3) capitalized lease costs for land, buildings,
18 structures, and equipment valued at their present value
19 using the interest rate at which the company borrows funds
20 prevailing at the time the company entered into the lease;

21 (4) infrastructure development costs;

22 (5) debt service and project financing costs;

23 (6) non-capitalized research and development costs;

24 (7) job training and education costs;

25 (8) lease and relocation costs; and

26 (9) amounts expended by a company or company affiliate

1 as a non-responsible party pursuant to a voluntary program
2 of site remediation, including amounts expended to obtain
3 a certification of completion, if completion of
4 remediation is required to be certified by the
5 Environmental Protection Agency.

6 "Entity" means a sole proprietorship, partnership, firm,
7 corporation, limited liability company, association, or other
8 business enterprise.

9 "Incentive agreement" means an agreement between a company
10 and a local municipality obligating the company to make the
11 special payment under this Division, in addition to paying
12 property taxes, during the incentive period for a mega
13 project.

14 "Incentive period" means the period beginning on the first
15 day of the calendar year after the calendar year in which the
16 mega project is placed in service and each calendar year
17 thereafter until the earlier of (i) the expiration or
18 termination of the incentive agreement or (ii) the revocation
19 of the mega project certificate.

20 "Investment period" means the period ending 7 years after
21 the date on which the Department issues the mega project
22 certificate, or such other longer period of time as the local
23 municipality and the company may agree to, not to exceed an
24 initial period of 10 years, and subject to extension as
25 provided in Section 10-910 of this Division.

26 "Local municipality" means the city, village, or

1 incorporated town in which the mega project is located or, if
2 the mega project is located in an unincorporated area, the
3 county in which the mega project is located.

4 "Mega project" means a project that satisfies the minimum
5 investment, investment period, and other requirements of this
6 Division.

7 "Mega project certificate" means a certificate issued by
8 the Department that authorizes an assessment freeze as
9 provided in this Division.

10 "Minimum investment" means an investment in the mega
11 project of at least \$500,000,000 in eligible costs within the
12 investment period.

13 "Minority person" means a person who is a citizen or
14 lawful permanent resident of the United States and who is any
15 of the following:

16 (1) American Indian or Alaska Native (a person having
17 origins in any of the original peoples of North and South
18 America, including Central America, and who maintains
19 tribal affiliation or community attachment).

20 (2) Asian (a person having origins in any of the
21 original peoples of the Far East, Southeast Asia, or the
22 Indian subcontinent, including, but not limited to,
23 Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,
24 the Philippine Islands, Thailand, and Vietnam).

25 (3) Black or African American (a person having origins
26 in any of the black racial groups of Africa).

1 (4) Hispanic or Latino (a person of Cuban, Mexican,
2 Puerto Rican, South or Central American, or other Spanish
3 culture or origin, regardless of race).

4 (5) Native Hawaiian or Other Pacific Islander (a
5 person having origins in any of the original peoples of
6 Hawaii, Guam, Samoa, or other Pacific Islands).

7 "Minority-owned business" means a business that is at
8 least 51% owned by one or more minority persons, or in the case
9 of a corporation, at least 51% of the stock of which is owned
10 by one or more minority persons; and the management and daily
11 business operations of which are controlled by one or more of
12 the minority individuals who own it.

13 "Placed in service" means that construction of the mega
14 project is substantially complete, which may be evidenced by
15 issuance of a certificate of occupancy for the mega project by
16 the local municipality or any other governmental body having
17 jurisdiction over construction of the mega project or, if no
18 certificate of occupancy is required as to the mega project,
19 commencement of operations at the mega project site.

20 "Project" means land, buildings, and other improvements on
21 the land, including water, sewage treatment and disposal
22 facilities, air pollution control facilities, and all other
23 machinery, apparatus, equipment, office facilities, related
24 infrastructure, and furnishings which are considered
25 necessary, suitable, or useful by a company and comprise the
26 mega project, including all such property subject to

1 assessment under the Property Tax Code.

2 "Special payment" means the annual amount paid in addition
3 to property taxes paid during the incentive period as provided
4 in the incentive agreement.

5 "Taxing district" has the meaning set forth in Section
6 1-150.

7 (35 ILCS 200/10-910 new)

8 Sec. 10-910. Valuation during incentive period;
9 eligibility. Property certified by the Department as mega
10 project property pursuant to this Division is eligible for an
11 assessment freeze, as provided in this Division, eliminating
12 from consideration, for assessment purposes during the
13 incentive period, the value added to the property by the
14 project and limiting the total valuation of the property
15 during the incentive period to the base year valuation. If the
16 company does not anticipate completing the project within the
17 investment period, then the local municipality may approve one
18 or more extensions of time to complete the project. However,
19 the local municipality may not extend the investment period
20 for more than 5 years after the last day of the initial term of
21 the investment period. If the extension is not approved as
22 part of the original incentive agreement, the corporate
23 authorities may approve an extension under this Section by
24 resolution, a copy of which must be delivered to the
25 Department within 30 days after the date the resolution is

1 adopted.

2 (35 ILCS 200/10-915 new)

3 Sec. 10-915. Incentive agreement procedure.

4 (a) To obtain the assessment freeze provided in this
5 Division, the company must enter into an incentive agreement
6 with the local municipality, in the form and manner required
7 by the local municipality. The incentive agreement must be
8 approved by an ordinance adopted by the corporate authorities
9 of the local municipality and must contain all of the
10 provisions required by Section 10-920.

11 (b) The local municipality may not enter into an incentive
12 agreement under this Division unless and until all of the
13 following are considered and approved by a majority of the
14 members of a local review board:

15 (1) the base year;

16 (2) the base year valuation;

17 (3) the amount of the special payment under
18 Section 10-920, including the manner in which the payment
19 will adjust over time; and

20 (4) the manner in which sufficient revenues will
21 be generated and provided, either by the mega project or
22 by alternative sources, to address extraordinary capital
23 needs of the local school districts that will be incurred
24 to meet the demands of students who reside on the subject
25 property and attend a school under the jurisdiction of a

1 local school district.

2 The local review board shall consist of one representative
3 of each of the following: (i) the local municipality; (ii)
4 each local school district in which the property is located;
5 (iii) each local park district in which the property is
6 located; and (iv) each other taxing district that levy
7 property taxes over any portion of the subject property. The
8 vote of the local review board shall be weighted in proportion
9 to each voting member's district's share of property taxes
10 levied on the portion of the property in question, and each
11 taxing district's vote shall be weighted on a 100-point scale
12 to reflect its proportionate share of the applicable property
13 taxes.

14 (35 ILCS 200/10-920 new)

15 Sec. 10-920. Contents of incentive agreement.

16 (a) The incentive agreement must require the company to
17 pay, or be responsible for the payment of, an annual special
18 payment to the local municipality, beginning with the first
19 tax year for which the assessment freeze under this Division
20 is applied to the mega project. The amount of the special
21 payment shall be established by the local municipality in the
22 incentive agreement and may be a fixed amount for the duration
23 of the incentive period or may be subject to adjustment
24 (downward or upward) based on factors memorialized in the
25 incentive agreement.

1 (b) The incentive agreement shall obligate the company to
2 operate the mega project at the designated project location
3 for a minimum of 20 years.

4 (c) The incentive agreement may not be effective for a
5 term of less than 23 years nor more than 40 years.

6 (d) The incentive agreement may contain such other terms
7 and conditions as are mutually agreeable to the local
8 municipality and the company and are consistent with the
9 requirements of this Division, including, without limitation,
10 operational and job creation requirements.

11 (e) In addition, all incentive agreements must include, as
12 the first portion of the document, a recapitulation of the
13 remaining contents of the document, including, but not limited
14 to, the following:

15 (1) the legal name of each party to the agreement;

16 (2) the street address of the project and the property
17 subject to the agreement;

18 (3) the agreed minimum investment;

19 (4) the term of the agreement; and

20 (5) a schedule showing the amount of the special
21 payment and its calculation for each year of the
22 agreement.

23 (35 ILCS 200/10-925 new)

24 Sec. 10-925. Installment bills; distribution of special
25 payments.

1 (a) The local municipality shall prepare a bill for each
2 installment of the special payment according to the schedule
3 set forth in paragraph (5) of subsection (e) of Section
4 10-920, and that payment must be distributed to each of the
5 affected taxing districts in an amount equal to the taxing
6 district's proportionate share of property taxes due and
7 payable for the property, as evidenced by the most recent
8 property tax bill issued for the subject property.

9 (b) Distribution to taxing districts of the special
10 payments associated with a mega project must be made within 60
11 days after receipt by the local municipality of the special
12 payment amounts.

13 (c) Misallocations of the distribution of the special
14 payments may be corrected by adjusting later distributions,
15 but these adjustments must be made in the next succeeding year
16 following identification and resolution of the misallocation.
17 To the extent that distributions have been made improperly in
18 previous years, claims for adjustment must be made within one
19 year of the distribution.

20 (35 ILCS 200/10-930 new)

21 Sec. 10-930. Use of revenues. A taxing district that
22 receives and retains revenues from a special payment under
23 this Division may, in its discretion and in accordance with
24 applicable law, use all or a portion of the revenues for the
25 purposes of financing the issuance of revenue bonds.

1 (35 ILCS 200/10-935 new)

2 Sec. 10-935. Termination of incentive agreement; automatic
3 termination; minimum level of investment required to remain
4 qualified for assessment freeze.

5 (a) The local municipality and the company may mutually
6 agree to terminate the incentive agreement at any time. From
7 the date of termination, the mega project is subject to
8 assessment on the basis of the then-current fair cash value.

9 (b) An incentive agreement shall be terminated if the
10 company fails to satisfy the minimum investment level provided
11 in this Division. If the incentive agreement is terminated
12 under this subsection, the mega project is subject to
13 assessment on the basis of the then-current fair cash value
14 beginning in the tax year during which the termination occurs.

15 (c) An incentive agreement shall terminate if, at any
16 time, the company no longer has the minimum level of
17 investment as provided in this Division, without regard to
18 depreciation.

19 (35 ILCS 200/10-940 new)

20 Sec. 10-940. Mega project applications; certification as a
21 mega project and revocation of certification.

22 (a) The Department shall receive applications for mega
23 project certificates under this Division in a form and manner
24 provided by the Department by rule. The Department shall

1 promptly notify the assessment officer when the Department
2 receives an application under this Section. The Department's
3 rules shall provide that an applicant may request preliminary
4 approval of the mega project before the project begins, before
5 the applicant has entered into a fully executed incentive
6 agreement with the local municipality, or before the project
7 has been placed in service.

8 (b) The Department shall approve an application for a mega
9 project certificate if the Department finds that the project
10 meets the requirements of this Division and upon receipt of
11 each of the following:

12 (1) evidence (to be construed broadly) that the
13 company has invested, or will invest, not less than the
14 minimum investment in the mega project during the
15 investment period;

16 (2) an executed incentive agreement with the local
17 municipality for the mega project, as described in this
18 Section 10-920 of this Division;

19 (3) an executed project labor agreement between the
20 company and the applicable local building trades council
21 for construction of the mega project; and

22 (4) evidence that the company has established the goal
23 of awarding, and has awarded or will award, 20% of the
24 total dollar amount of contracts that are related to the
25 project during each calendar year to minority-owned
26 businesses.

1 (c) Upon approval of the application, the Department shall
2 issue a mega project certificate to the applicant and transmit
3 a copy to the assessment officer. The certificate shall
4 identify the property on which the mega project is located.

5 (d) For each calendar year following issuance of the mega
6 project certificate, until the minimum investment requirements
7 have been met and the mega project has been placed in service,
8 the company shall deliver a report to the Department on the
9 status of construction or creation of the mega project and the
10 amount of minimum investment made in the mega project during
11 the preceding calendar year. If the Department determines, in
12 accordance with the Administrative Review Law and the Illinois
13 Administrative Procedure Act, that a project for which a
14 certificate has been issued has not met the minimum investment
15 requirements of this Division within the investment period,
16 the Department shall revoke the certificate by written notice
17 to the taxpayer of record and transmit a copy of the revocation
18 to the assessment officer.

19 (e) If the local municipality notifies the Department that
20 the incentive agreement between the company and the local
21 municipality has been terminated, the Department shall revoke
22 the certificate by written notice to the taxpayer of record
23 and transmit a copy of the revocation to the assessment
24 officer.

1 Sec. 10-945. Computation of valuation.

2 (a) Upon receipt of the mega project certificate from the
3 Department, the assessment officer shall determine the base
4 year valuation and shall make a notation on each statement of
5 assessment during the incentive period that the valuation of
6 the project is based upon the issuance of a mega project
7 certificate.

8 (b) Upon revocation of a mega project certificate, the
9 assessment officer shall compute the assessed valuation of the
10 project on the basis of the then-current fair cash value of the
11 property.

12 (35 ILCS 200/10-950 new)

13 Sec. 10-950. Transfers of interest in a mega project;
14 sale-leaseback arrangement; requirements.

15 (a) Subject to the terms of the incentive agreement
16 between the company and the local municipality, ownership of
17 or any interest in the mega project and any and all related
18 project property, including, without limitation, transfers of
19 indirect beneficial interests and equity interests in a
20 company owning a mega project, shall not affect the assessment
21 freeze or the validity of the mega project certificate issued
22 under this Division. Notwithstanding the provisions of this
23 subsection, the incentive agreement shall be a covenant
24 running with the land.

25 (b) A company may enter into lending, financing, security,

1 leasing, or similar arrangements, or a succession of such
2 arrangements, with a financing entity concerning all or part
3 of a project including, without limitation, a sale-leaseback
4 arrangement, equipment lease, build-to-suit lease, synthetic
5 lease, nordic lease, defeased tax benefit, or transfer lease,
6 an assignment, sublease, or similar arrangement, or succession
7 of those arrangements, with one or more financing entities
8 concerning all or part of a project, regardless of the
9 identity of the income tax or fee owner of the mega project.
10 Neither the original transfer to the financing entity nor the
11 later transfer from the financing entity back to the company,
12 pursuant to terms in the sale-leaseback agreement, shall
13 affect the assessment freeze or the validity of the mega
14 project certificate issued under this Division, regardless of
15 whether the income tax basis is changed for income tax
16 purposes. For purposes of this Division, if a single company
17 enters into a financing arrangement of the type described in
18 this subsection (b), the investment in or financing of the
19 property by a developer, lessor, financing entity, or other
20 third party in accordance with this arrangement is considered
21 investment by the company. Investment by a related person to
22 the company is considered investment by the company.

23 (c) The Department must receive notice of all transfers
24 undertaken with respect to other projects to effect a
25 financing. Notice shall be made in writing within 60 days
26 after the transfer, identifying each transferee and containing

1 other information required by the Department with the
2 appropriate returns. Failure to meet this notice requirement
3 does not adversely affect the assessment freeze.

4 (35 ILCS 200/10-955 new)

5 Sec. 10-955. Minimum investment by company affiliates. To
6 be eligible for the benefits of this Division, a company must
7 invest the minimum investment. Investments by company
8 affiliates during the investment period may be applied toward
9 the minimum investment under this Division regardless of
10 whether the company affiliate was part of the project. To
11 qualify for the assessment freeze, the minimum investments
12 pursuant must be at the mega project.

13 (35 ILCS 200/10-960 new)

14 Sec. 10-960. Projects to be valued at fair cash value for
15 purposes of bonded indebtedness and limitations on property
16 tax extensions. Projects to which an assessment freeze applies
17 pursuant to this Division shall be valued at their fair cash
18 value for purposes of calculating a municipality's general
19 obligation bond limits and a taxing district's limitation on
20 tax extensions.

21 (35 ILCS 200/10-965 new)

22 Sec. 10-965. Abatements. Any taxing district, upon a
23 majority vote of its governing authority, may, after the

1 determination of the assessed valuation as set forth in this
2 Division, order the clerk of the appropriate municipality or
3 county to abate any portion of real property taxes otherwise
4 levied or extended by the taxing district on a mega project.

5 (35 ILCS 200/10-970 new)

6 Sec. 10-970. Filing of returns, contracts, and other
7 information; due date of payments and returns.

8 (a) The company and the local municipality shall file
9 notices, reports, and other information as required by the
10 Department.

11 (b) Special payments are due at the same time as property
12 tax payments and property tax returns are due for the mega
13 project property.

14 (c) Failure to make a timely special payment results in
15 the assessment of penalties as if the payment were a
16 delinquent property tax payment or return.

17 (d) Within 30 days after the date of execution of an
18 incentive agreement, a copy of the incentive agreement must be
19 filed with the Department, the county assessor, and the county
20 auditor for the county in which the mega project is located.

21 (35 ILCS 200/10-980 new)

22 Sec. 10-980. Rules. The Department may issue rulings and
23 adopt rules as necessary to carry out the purpose of this
24 Division.

1 (35 ILCS 200/10-990 new)

2 Sec. 10-990. Invalidity. If all or any part of this
3 Division is determined to be unconstitutional or otherwise
4 unenforceable by a court of competent jurisdiction, a company
5 has 180 days from the date of the determination to transfer
6 title to a mega project to an authorized economic development
7 authority, which may qualify for property tax assessment under
8 this Division or which may be exempt from property taxes.

9 Section 97. Severability. The provisions of this Act are
10 severable under Section 1.31 of the Statute on Statutes.

11 Section 99. Effective date. This Act takes effect June 1,
12 2025.