



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Dean Rich, Director of Finance
Walter Denton, City Administrator
Date: December 7, 2009
Subject: Ordinances Establishing Regency Special Business District (SBD)

List of committees that have reviewed: Finance and Administration

Background: In 2004 the City established 3 Special Service Areas (SSA) to finance development of The Shoppes of Greenmount. The concept envisioned selling bonds to complete the infrastructure of a large undeveloped area into a retail center complete with Big Box retail. The bonds were to be repaid with a special property tax that was to float above the regular property tax for a period of 20 years. The retail complex did not materialize, the property was sold and a new concept was embraced to develop a Corporate Campus complete with Hotels, Restaurants and a Conference Center. This concept was off to a good start when the economy took a downturn and development slowed to a stand still. The economy is beginning to show sign of recovery in the near future and we now find the SSA tax applied 6 years ago has become a detriment to development of the area along with undermining and a lack of roads. In particular, the lots along I-64 designated for up scale restaurants are not competitive with lots just across I-64 due to the SSA adding a rather large extra tax for 20 years. This SBD is designed to help alleviate some of this negative tax by allowing the merchant/ restaurateur to collect one extra percent on sales and apply it to the SSA tax. The SBD requires 2 ordinances, one to establish and designate the district and another to establish the tax to be collected (1% on retail sales and Hotel/Motel occupation).

Legal Considerations, if any: Both ordinances are in compliance with Business District Development and Redevelopment article 11 of Chapter 65 of the Illinois Compiled Statutes

Budget Impact:: This action will not affect the budget as it is a pass through to the business to help alleviate a SSA tax already applied to the property.

Staff recommendation: Recommend approval