

## **TAX INCREMENT FINANCE PLAN**

### **A. A DETAILED EXPLANATION OF THE TAX INCREMENT PROCEDURE**

The initial Tax Increment Finance Plan was approved by resolution and ordinance on December 15, 1992. The Development Plan defined an area within the Village known as the "Development Area". The "Development Area" is described in the Development Plan and a map is attached as Appendix B.

On the date that the original plans were approved by the Village Council, an "initial assessed value" became determinable. The "assessed value" is defined in the Downtown Development Authority Act as the "taxable value". The initial assessed value means the assessed value, as equalized, of all the taxable property within the boundaries of the Development Area at the time the ordinance establishing the Tax Increment Financing Plan was approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution was adopted. Property exempt from taxation at the time of the determination of the initial assessed value is included as zero.

For each year of the Plan, a "captured assessed value" is determined. The "captured assessed value" means the amount in any one year by which the current taxable value of the Development Area exceeds the initial assessed value.

Each year, the municipal and county treasurers transmit to the Authority the "tax increment revenues". The "tax increment revenues" are the amount of ad valorem property taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the Development Area except the State Education Tax and the taxes of the local and intermediate school districts. The DDA may also choose not to capture certain extra voted millages levied for special purposes. Any such decision must be made on a recorded roll call vote.

The Downtown Development Authority expends the tax increment revenues only pursuant to the Tax Increment Financing Plan, which includes the Development Plan. Any surplus funds shall revert proportionately to the respective taxing bodies.

The Village Council may abolish the Tax Increment Financing Plan if it finds that the purposes for which the Plan was established have been accomplished.