



CITY OF WASHINGTON, ILLINOIS

Committee of the Whole Agenda Communication

Meeting Date: December 11, 2023

Prepared By: Jon Oliphant, AICP, Planning & Development Director

Agenda Item: Economic Development/Tourism Funds Use

Explanation: The FY 23-24 budget includes \$250,000 in the ED/Tourism Fund that is earmarked for private development expenses. None of the budgeted funds has been utilized yet. Staff was directed to have an item on Monday's Committee of the Whole agenda for discussion on its use and communicating its availability.

The Northern Tazewell County Enterprise Zone covers nearly every property that is zoned for non-residential uses. The EZ provides financial incentives that includes a 5-year property tax abatement that takes effect upon the project completion and after it is fully assessed. There is also a sales tax waiver on any building materials that are permanently incorporated into the real estate. This provides substantial savings, particularly for new construction projects. Properties in the Square TIF district are not eligible to receive the property tax abatement.

The original intention of the budgeted funds was to have supplemental means to assist with non-residential projects throughout the city and/or to also use within the TIF district should there be a shortfall of available funds. Staff would strongly recommend having at least a loose framework for the use of the funds. Staff would recommend including, but not be limited to, the following possible uses:

- Exterior building or property renovations only for components that would not be considered maintenance. The eligible TIF uses could be used as a guide.
- Property acquisition to be used by the public
- Infrastructure improvements that have a more widespread public benefit

Consideration could also be given to target a particular geographic area or corridor to have a more direct impact. Additionally, it would be advisable to establish a maximum on the City's participation similar to the TIF district unless there was a project of such scope as to warrant the consideration of using most or all of the available funding. It would also be advisable to establish a floor on the private financial contribution. A \$50,000 cap would allow for at least five projects to benefit from the FY 23-24 funds.

Fiscal Impact: Ideally, the use of the funds would help generate additional property/sales tax and/or employment opportunities.

Action Requested: Feedback at the December 11 Committee of the Whole meeting on the use of the funds and how to communicate its availability.