



Tax Increment Bond Financings

Chapman and Cutler LLP provides bond counsel, underwriter's or disclosure counsel and special tax counsel representation in tax increment bonds and other economic development obligations issued by cities, villages, towns and counties.

Tax increment bonds are issued to promote redevelopment of blighted areas or those in danger of becoming blighted. In a typical transaction, the governmental unit designates a redevelopment project area to be improved and causes its equalized assessed value to be determined and certified.

As redevelopment occurs and the assessed value correspondingly increases, property, sales or utility taxes derived from the project (the "tax increment") are captured and allocated to the payment of bonds or other obligations issued to induce the redevelopment.

The legal and financial questions in a typical tax increment transaction are complex. We work with the parties involved to resolve such matters as the priorities of liens on revenues, the precise flow of funds, establishment of debt service reserves and permitted issuance of parity and subordinate lien bonds or other obligations.

Additionally, we apply statutory and regulatory requirements to obtain and maintain the tax-exempt status of bonds, and we help determine the legality and implications of other covenants (such as terms of redevelopment agreements between developers and local governmental entities).

Publications

- White, Lawrence E. and Julie K. Kelly. "Tax Increment Financing," Municipal Law Handbook. Illinois Institute for Continuing Legal Education. 2012.

Attorneys

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Related Practices

Debt Obligations
Double-Barreled Bonds
General Obligation Bonds
Governmental Revenue Bonds
Leases, Installment Contracts and Debt Certificates
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