

Q1. Why does ISD TIF capture have to be segregated by property type?

A1. ISDs are going to be reimbursed through the school aid formula for revenue losses from TIF capture, and different property types capture different millage rates, so it is necessary to separate them to calculate proper reimbursement to the ISDs.

Q2. What is the difference between ad valorem taxes and specific taxes?

A2. Ad valorem taxes are “regular” property taxes. The property is on the tax roll and pays the full millage rate on its taxable value. Specific taxes are paid by properties that have been granted an exemption from ad valorem taxes. They are removed from the regular tax roll and placed on a separate tax roll to be taxed at a different rate based on the reason for the exemption. Specific taxes are typically lower than ad valorem taxes because either not all the taxable value or not all the millage rates (or both) are used to calculate the specific tax.

Q3. What are some examples of specific taxes?

A3. The industrial facility tax (IFT), commercial facility tax (CFT), neighborhood enterprise zone tax (NEZ), commercial rehabilitation tax (CRA), obsolete property tax (OPRA), and eligible tax reverted property tax (“land bank” or “5/50”) are the most common specific taxes.

Q4. I have two parcels in my brownfield plan: one on the ad valorem roll and one on the IFT new facility roll. How do I report the ISD capture?

A4. Report the ISD capture separately for the two parcels. For example, if each parcel has a captured value of 50,000 and the ISD levies four mills on the ad valorem toll, report \$200 as captured from the ISD from ad valorem property ($50,000 \times .004 = \$200$). Since the IFT rate is 50% of the ad valorem rate for new facilities, report \$100 as captured from the ISD from specific-tax property ($50,000 \times .002$).

Q5. If I have more than one type of specific tax property (e.g., two OPRA's and a 5/50) do I have to report the capture separately for each type?

A5. No. Report the amount of ISD TIF revenue captured from ALL specific-tax parcels together as one amount in the ISD specific tax field.