

A RESOURCE GUIDE TO SPECIAL SERVICE AREAS

What is a Special Service Area (SSA)? A Special Service Area (SSA) is a property-taxing mechanism that can be used to fund a wide range of special or additional services and/or physical improvements in a defined geographic area within a municipality or jurisdiction. This type of district allows local governments to establish such areas without incurring debt or levying a tax on the entire municipality. In short, an SSA allows local governments to tax and deliver services to limited geographic areas within their jurisdictions.

Legal Authority for an SSA

The 1970 Illinois Constitutional Convention granted municipalities and counties the authority:

"to levy or impose additional taxes upon areas within their boundaries in the manner provided by law for the provision of special services to those areas and for the payment of debt incurred in order to provide those special services."

The process for establishing an SSA is outlined in the "Special Service Area Tax Law" (Article 27, 35 ILCS 200/27). This process and subsequent case law form the basis for SSA implementation in Illinois. SSAs are excluded from tax cap legislation and are still available for home rule and non-home rule municipalities in "capped" counties.

What Can an SSA Do?

SSAs are financing tools used to support and implement a wide array of services, physical improvements, and other activities. Among the list of common services and activities provided by SSAs are the following:

Support Services

- Downtown Marketing
- Special Events
- Seasonal Decorations
- Downtown Promotion/Advertising
- Tenant Search/Leasing Support
- Transportation (e.g., Downtown Trolleys)
- Improved Snow Removal Services
- Improved Trash Removal Services
- Security Improvements/Services
- Improved Parking Enforcement Services
- Downtown Maintenance Staff/Activities
- Planning/Marketing Consulting
- Program Administration
- Membership Services

- Public Relations Activities
- Store Window Display Assistance

Infrastructure Improvements

- Streetscaping/Landscaping
- Lighting
- Benches
- Trash Receptacles
- Alley Repaving
- Curbs
- Sidewalk Paving
- Street Improvements
- Storm Sewers
- Sanitary Sewers
- Parking Lots or Garages

Land and Building Improvements

- Redevelopment
- Store Front Improvements, Grants or Loans
- Interior Rehab/Build-out Assistance

How Have Communities Used SSAs?

As of 2011, the Illinois Department of Revenue has documented more than 600 SSAs in Illinois, with many communities having 10 or more active SSAs. These SSAs included real estate valued at over \$22 billion (EAV), and generate annual taxes of over \$70 million covering all types of new and existing residential, commercial and industrial land uses. The number of SSAs has continued to increase each year.

SSAs are largely used to support retail districts, especially central business districts. A survey of communities with SSAs that cover central business districts indicated high community satisfaction with the SSAs ability to provide essential services and improvements. Additionally, in some communities, SSAs are used for improvements such as infrastructure in newly developing areas.

Steps in Establishing an SSA

Success in establishing an SSA depends largely on obtaining support of property owners and taxpayers within the area. Therefore, the following process is used:

Define the Boundaries. SSAs levy an additional property tax on parcels within a defined geographic area. Larger areas tend to generate more revenue, but usually require more effort during the planning stages to build a consensus.

Define the Services. SSAs can be extremely flexible in their uses, but these uses must be specifically authorized by the enabling ordinance. It is critical to take enough time and effort during this stage to build support for the proposed services.

Determine Costs/Budget. Preliminary costs are determined based on the services required and the boundaries of the area.

Define the Maximum Duration of the District and Maximum Tax Rate. State law requires that the ordinances establishing the district define the maximum duration of the district and maximum property tax rate.

Propose the Ordinance. Ultimately, the SSA must be established by an ordinance of the local government.

Send Out Public Notices. The local government must notify affected taxpayers by U.S. Mail and public notice in a general circulation newspaper.

Conduct Public Hearing(s). At least one public hearing (and more if necessary) must be held to discuss the creation of the SSA, including the proposed geographic area, budget, services and tax levy. This usually occurs within 60 days of adopting the ordinance that proposes the establishment of an SSA.

Proceed after Waiting Period. The local government, if it chooses to proceed, must wait at least 60 days following the last hearing before implementing the SSA ordinance. During that time, opponents are allowed to submit petitions in opposition to the ordinance. If an opposing petition is submitted to the City Clerk or County Clerk within 60 days AND carries the signatures of at least 51 percent of registered voters residing in the proposed SSA area AND at least 51 percent of property owners of record in the area, the SSA is defeated and CANNOT be resubmitted for two years.

Adopt the Ordinance. The ordinance may be adopted by a simple majority vote of the local governing body, usually a City Council, County Board, or similar body.

Approve Budget and Levy. The local governing body must approve the annual budget and levy each year. Tax monies are received the following year by the City or County Clerk and can only be used for authorized activities.

Propose Amendments. An SSA can be amended after its approval, provided specific procedures are followed.

For more information, please contact us at **(312) 424-4250** or **info@sbfriedman.com**

UPTOWN AND WICKER PARK SPECIAL SERVICE AREAS, CHICAGO, IL

