

STAR Bond Legislation (Illinois SB 1911) – Summary Report

Types of STAR Bond Districts: Standard vs. NOVA

Standard STAR Bond Districts: A standard STAR bond district is any STAR bond district established under the Statewide Innovation Development and Economy Act that is **not** designated as a NOVA district. These districts are created to spur major **tourism, entertainment, retail, or related development projects** in eligible areas, using **Sales Tax and Revenue (STAR) bonds** to finance infrastructure and development costs. Standard districts must meet general eligibility criteria – for example, the area must be at least 50% within an underserved area and near population centers and highways – but they do **not** have the extraordinary scale required of a NOVA district. There is no explicit minimum acreage for a standard district (aside from contiguity and the “eligible area” requirements), and it may encompass smaller development sites as long as it fulfills the Act’s purpose of fostering significant economic development and tourism that would not occur “*without the availability of STAR bonds*”.

NOVA (New Opportunities for Vacation and Adventure) Districts: NOVA districts are a special subclass of STAR bond districts intended for **mega-scale destination projects**. By definition, a NOVA district must encompass **at least 500 contiguous acres** and, during the approval process, demonstrate a reasonable expectation of achieving **very high economic thresholds**: at least **\$500 million in capital investment, \$300 million in annual gross sales, 1,000,000 annual visitors, and 1,500 permanent jobs**. In essence, a NOVA district is designed for “*new opportunities for vacation and adventure*” – large destination developments (such as major theme parks, resorts, or tourism complexes) that attract significant out-of-state visitors and generate substantial economic impact. NOVA districts are still STAR bond districts, but they carry this designation to reflect their greater scale and tourism draw. Projects in a NOVA district are held to higher benchmarks and enjoy somewhat different financing parameters (outlined below) to accommodate their scale. A NOVA designation must be requested by the local government in its district plan and is subject to approval by the Governor during the state review process.

*In summary, all STAR bond districts share the same fundamental purpose – catalyzing large-scale economic development in qualifying areas through sales tax-backed financing – but a NOVA district is distinguished by its **much larger size and scope**. NOVA districts are intended for flagship developments that meet or exceed the ambitious investment, sales, visitor, and job targets defined in the Act, whereas standard districts may host more conventional (though still significant) projects. The following sections detail the financial requirements, approval processes, and implementation rules that apply to each type.*

Financial Requirements and Criteria by District Type

Both standard and NOVA STAR bond districts must satisfy certain financial criteria to gain approval, though the thresholds differ substantially. Key requirements include minimum development costs, limits on reimbursement from state sales tax, and projected economic outputs (sales and job creation):

- **Total Development Cost Threshold:** Every STAR bond district must include at least one STAR bond project of a **minimum scale**. For a standard district, the project must entail a projected capital investment of **at least \$30 million**. For a NOVA district, the required scale is far higher: a project with at least **\$500 million** in projected investment. These figures represent the **total development cost** of the project (public and private investment combined) and serve as a baseline to ensure only large, impactful developments qualify. In practical terms, a standard STAR bond project might be a major retail/entertainment complex of tens of millions of dollars, whereas a NOVA project would be an unprecedented development on the order of half a billion dollars or more.
- **Projected Sales and Job Creation:** Likewise, the STAR bond district plan must show that the development will generate substantial economic activity. **Standard districts** need a project reasonably projected to produce at least **\$60 million in annual gross sales** and **300 new jobs**. **NOVA districts**, reflecting their larger scale, must project **\$300 million in annual sales** and **1,500 new jobs**. (The NOVA definition in the law also expects **1 million annual visitors**, as noted above, whereas no specific visitor count is mandated for standard projects.) These benchmarks ensure that the state’s investment via STAR bonds yields significant economic benefits in terms of commerce and employment.
- **Eligible Reimbursement Limits (State Financing Share):** A core principle of the Act is that the **State’s contribution (via diverted sales tax revenue) cannot exceed 50% of a project’s total development costs**. In other words, at least half of the project must ultimately be financed by local government, private investment, and other sources, rather than by the State sales tax increment. In fact, the law imposes **hard caps on the amount of State sales tax increment that can be used** for any single STAR bond project:
 - For **standard STAR bond projects**, the State sales tax support is capped at the lesser of **50% of total development costs or \$75 million**.
 - For **NOVA projects**, the cap is the lesser of **50% of total costs or \$800 million**. These dollar caps represent an absolute ceiling on State sales tax financing (e.g. even if 50% of a NOVA project’s cost would be higher, the State cannot contribute more than \$800 million via STAR bonds). They underscore that even the largest projects require substantial non-state funding.
- **State Sales Tax Increment Sharing Provisions:** The Act defines how much of the growth in sales tax revenue can be captured in the STAR bond financing, and here again NOVA districts are treated more generously due to their expected tourism impact. In a **standard STAR bond district**, the state will allocate:
 - **100% of the State sales tax increment** generated by up to four designated major “development users” (primary anchors/tenants of the project), *plus*
 - **25% of the State sales tax increment** from all other sales within the district. In a **NOVA district**, by contrast, the local project can draw upon:
 - **100% of the State sales tax increment** from up to four key development users (same as above), *plus*

- **50% of the State sales tax increment** from all other sales in the district. This effectively doubles the share of general retail sales tax that can be reinvested in a NOVA project (50% vs. 25% of the increment), reflecting the State’s willingness to commit more revenue to truly transformative, tourism-oriented projects. It is important to note that local sales taxes are also typically pledged to STAR bonds (100% of the increment in local sales tax can be used) in both types of districts, but the **State sales tax increment is the critical component** subject to these limits and caps.
- **Private Investment and Master Developer Equity:** As an additional financial safeguard, the master developer is required to demonstrate significant financial strength and stake in the project. Illinois SB 1911 mandates that the master developer have at least **10% of the project’s total cost financed with equity (own capital)**, or otherwise show equivalent financial credentials (such as a strong credit rating or backing by a large financial institution). This requirement applies to all STAR bond projects (standard and NOVA alike) and ensures the developer has “skin in the game,” reducing risk to public funds.

In summary, NOVA districts face much **higher financial bar** for entry (massive scale and impact) and are permitted a greater share of state tax support, whereas standard districts have lower thresholds and a smaller state contribution. However, **both remain subject to the overarching rule that state sales tax revenue can only finance up to half of a project’s cost** – the remainder must come from local or private sources – thereby aligning with the Act’s intent to leverage private investment and limit public exposure.

Timelines for District and Project Plan Submission and Approval

The STAR bond legislation establishes clear timelines and deadlines for proposing districts and projects, to ensure timely implementation of the program. Below are the key dates and time frames defined in the Act for submitting STAR bond district plans and project plans, along with the associated review periods:

- **Notice of Intent to Establish a District (Deadline: June 1, 2026):** Any municipality or county (political subdivision) interested in creating a STAR bond district must first **notify the state by June 1, 2026** of its intention. This notice (to the Director of Commerce and Economic Opportunity and the Director of Revenue) is essentially a formal signal that the locality is considering a STAR bond district, and it triggers the process of determining eligibility and preparing a district plan.
- **Submission of STAR Bond District Plan (Deadline: January 1, 2027):** All proposed STAR bond district plans **must be submitted to the State on or before January 1, 2027** for consideration. This means the local government, after conducting its public hearing and adopting a resolution (see approval process below), needs to forward the completed district plan to the state agencies in charge by the end of 2026. The January 1, 2027 cutoff serves as the sunset for new district proposals under this Act – no new STAR bond districts can be initiated after that date.

- **State Review of District Plans:** Once a district plan is submitted, the **State’s review and approval is time-bound**, especially for NOVA requests. The Department of Commerce and Economic Opportunity, Department of Revenue, and Governor’s Office of Management and Budget jointly evaluate the plan. If the plan seeks NOVA designation, the agencies must send their findings and recommendation to the Governor **within 60 days** of receiving the plan. The Governor then issues a final decision on the district (and NOVA status) promptly – in the case of a requested NOVA district, within **30 days** after receiving the agencies’ recommendation. (For standard districts, the law does not mandate a specific day count, but the process is expected to be expeditious as well.) Thus, from local submission to final state decision, a NOVA district proposal could be resolved in roughly 90 days.
- **Submission of STAR Bond Project Plan (Deadline: June 1, 2028):** After a district is approved, the specific STAR bond project within that district must be detailed and approved separately. The corporate authorities of the political subdivision have until **June 1, 2028 to submit a STAR bond project plan** for State approval. This gives communities roughly a year and a half after district designation to assemble the full project plan, including financing structure and feasibility studies. Like the district deadline, June 1, 2028 is effectively the sunset for new project proposals under the Act.
- **State Review of Project Plans:** The process for reviewing project plans also includes defined turnaround times. Before a local government can even hold a public hearing on a STAR bond project, it must obtain State approval of the project plan. The same three agencies (DCEO, Revenue, GOMB) will review the project plan and its feasibility study in detail. For projects in a NOVA district, the Governor’s Office is required to render a final approval or denial **within 180 days** after the political subdivision applies for approval of the project plan. In other words, a NOVA project plan should get a yes/no from the State within six months of submission. (For standard projects, again, the expectation is a thorough but timely review, although the 180-day clock is explicitly tied to NOVA district projects.)
- **Other Timing Requirements:** In addition to the major deadlines above, the Act imposes some timing constraints within the process. For instance, once a local government holds the required public hearing on establishing a district, it has **60 days to adopt the district establishment resolution** or the proposal is considered lapsed. Similarly, when a local board sets a public hearing to adopt a project plan, the hearing must be scheduled not less than 20 days and not more than 90 days from the resolution calling the hearing. These provisions ensure that momentum is maintained and decisions are made without undue delay at each step.

In summary, **by mid-2026 localities must signal interest; by the end of 2026 all district proposals must be in; and by mid-2028 all project plans must be in.** State agencies and the Governor then have specified windows (ranging from ~30 days to 6 months, depending on the case) to complete their review and approval. These timelines reflect the legislature’s intent to launch STAR bond projects within a defined period and avoid open-ended commitments. Any community seeking to use this program needs to adhere closely to these deadlines or risk missing the opportunity.

Step-by-Step Approval Process for Districts and Projects

The establishment of a STAR bond district and the approval of a STAR bond project involve a **multi-step process** with actions by both the local government and the State. Below is an outline of the sequential steps for both **(A)** creating a STAR bond district and **(B)** approving a STAR bond project within that district. This process ensures due diligence, public input, and multi-level oversight before any STAR bonds are issued.

A. STAR Bond District Establishment Process

1. **Local Intent and Eligibility Determination:** The process begins at the local level. A city, village, or county identifies a potential development area and **files a notice of intent with the State (DCEO and Dept. of Revenue) by June 1, 2026** as mentioned, signaling its interest in establishing a STAR bond district. The local government then evaluates whether the area meets the Act’s “**eligible area**” criteria (e.g. at least 50% in an underserved area, proximity to population and highways, and findings of need and public benefit).
2. **“Resolution of Intent” and Public Hearing Notice:** The corporate authorities (e.g. city council or county board) must pass an initial **resolution stating that they are considering establishing a STAR bond district**. This resolution does several things: it **announces a public hearing** will be held on the proposal (with the date, time, and place fixed, in a venue near the proposed district and accessible to the public); it provides a **description of the proposed district boundaries and plan** (at least in general terms); it makes a **draft district plan and map available for public inspection**; it **identifies the “master developer”** for the project; and it states that the local board will consider the required statutory findings about the district’s benefits and eligibility. Essentially, this is a notice to the community and stakeholders that outlines the concept and invites public input.
3. **Public Hearing on the Proposed District:** The municipality or county then conducts the **public hearing** on the planned STAR bond district at the announced time. At the hearing, officials typically present the STAR bond district plan and explain the project, and members of the public can ask questions or voice support or concerns. The Act requires that this hearing be within 20 miles of the proposed district and in a facility large enough for a potentially significant turnout. Proper notice must also be given to other local taxing bodies and property owners in the area (such as by certified mail and newspaper publication) in advance of the hearing. The public hearing is a critical step to ensure transparency and local participation in the decision.
4. **Local Adoption of District Establishment Resolution:** After the hearing, the local governing body may proceed to **formally establish the STAR bond district by resolution** (assuming they choose to move forward and have support). The **resolution establishing the district** must include specific findings and content as mandated by law:
 - A finding that the area will be developed with a STAR bond **project** (i.e. there is a concrete development in mind, not just a speculative designation).
 - A finding that the area qualifies as an “**eligible area**” under the Act (incorporating those criteria about underutilization, job creation, etc., which the local government must have formally determined).

- Inclusion of a **STAR bond district plan**, which generally identifies the planned development **buildings/facilities** and includes at least one anticipated development user (major tenant/attraction).
- A **legal description of the district boundaries**.
- **Appointment of the master developer** for the district, and verification that the master developer has entered a project labor agreement (PLA) for construction work in the project (this ensures labor harmony and prevailing wage compliance on the project).
- If the locality seeks the special status, a **finding that the district meets NOVA criteria and a request for NOVA designation** (if applicable).
- A clause formally **establishing the STAR bond district, contingent on State approval**.

This resolution is essentially the local approval of the district. It must be adopted within **60 days of the public hearing's conclusion** or else the opportunity lapses. Once adopted, the district is created at the local level, but it **cannot take effect or issue STAR bonds without State approval**.

5. **Transmittal to State and State Agency Review:** After passing the resolution, the local government must **send a certified copy** of it, along with the district plan, to the Illinois Department of Commerce and Economic Opportunity, the Department of Revenue, and the Governor's Office of Management and Budget for review. This must be done **within 60 days of adopting the resolution**. Upon receipt, these agencies undertake a **joint review of the proposed district** (as required by Section 5-20(e) of the Act). They verify the area's eligibility and evaluate the district plan against the statutory criteria. Notably, the agencies must find that the plan includes a project meeting the minimum investment threshold (\$30 million or \$500 million) and the sales/jobs benchmarks (\$60 M & 300 jobs, or \$300 M & 1,500 jobs for NOVA). They also confirm the project is consistent with the purposes of the Act and in the public interest. If any criterion is not met, they will recommend denial. If all is in order, the agencies **prepare a written report of findings and a recommendation to approve or deny** the STAR bond district.
6. **Governor's Approval of District (and NOVA Designation if applicable):** The final decision on establishing the STAR bond district lies with the **Office of the Governor** (per Section 5-20(f)). The three reviewing agencies submit their recommendation to the Governor. The Governor then reviews the proposal and issues a **written determination either approving or denying the STAR bond district**. If the local resolution requested NOVA designation and the project meets the NOVA criteria, the Governor's approval will explicitly **designate the district as a NOVA district**. This gubernatorial decision for a NOVA request must be made within 30 days of receiving the agencies' recommendation. For any approved district, the Governor's notice of approval is sent to the requesting municipality/county and the agencies, officially authorizing the district. At this point, the STAR bond district is **fully established with State sanction** – meaning the locality can proceed to implement the district and seek project approval. (If the Governor denies the district, the process ends; the local government cannot issue STAR bonds in that case.)

7. **Master Development Agreement:** Once a district is approved, the political subdivision and the master developer enter into a binding **master development agreement** governing the implementation of the STAR bond district and project. By law, this agreement must include certain commitments – for example, provisions for environmental and sustainability measures (at least 20% of the district preserved as green space, renewable energy use, etc.) and other development obligations – to ensure the project proceeds in line with state priorities. While this occurs after the official approvals, it is a crucial step before financing and construction.

B. STAR Bond Project Plan Approval Process

Once a STAR bond district is in place, the specific development project(s) within that district must be approved through a separate process (Section 5-30 of the Act). The steps below assume the district has been established as above:

1. **Project Planning and Feasibility Study:** The **master developer**, in cooperation with the local government, prepares a detailed **STAR bond project plan** for one or more developments in the district. This plan identifies the exact **project area** within the district, the **proposed land uses and facilities** (e.g. stores, entertainment venues, hotels, attractions) to be constructed or improved, and the specific **development users/tenants** involved. Crucially, the local government must commission an **independent feasibility study** by a qualified consultant (approved by DCEO) to validate the project’s economic projections. The feasibility study must include a thorough analysis of the project’s expected finances and impacts, including: projected STAR bond revenue collections, anticipated job creation and tax revenue gains for the region, visitation estimates, the project’s unique qualities, market and economic impact studies, infrastructure needs, integration with other businesses, consumer experience quality, and the expected return on investment for the state and locality. Essentially, this study is a comprehensive business case for the project. The consultant’s report is provided to the local government and also to the state agencies for review. *(Note: The law enumerates 12 required components for the feasibility study, ensuring that everything from tourism appeal to financial viability is examined.)*
2. **State Application and Preliminary Approval:** Before the project plan can be adopted locally, the political subdivision must **apply to the State for approval of the STAR bond project plan**. In practice, this means the city or county submits the project plan (with the feasibility study and supporting documents) to DCEO, Department of Revenue, and GOMB, **no later than June 1, 2028** as mentioned above. The State agencies then conduct a **joint review of the project plan and feasibility study**, similar to the district review. They verify that all required elements of the feasibility study are completed and assess the findings. The agencies will scrutinize the projected economic benefits to the State and region, and also consider potential downsides (for example, whether the STAR bond project would adversely impact existing businesses in the area or simply shift economic activity around). They also ensure the project’s major tenants are indeed new “development users” and not relocations that would cannibalize other Illinois locations (since the Act excludes counting sales from businesses that shut down one location to open in the STAR bond district). Essentially, the State must concur that the project is

viable, serves the Act's purpose, and offers a net positive economic impact. If any part of the plan is deficient, the State can refuse approval.

In addition, **certain projects are outright disallowed**: The Act prohibits STAR bond project plans that include building a facility or stadium primarily for professional sports teams. This is a notable limitation – even a NOVA-scale project cannot use STAR bonds to, say, construct a major league sports arena.

3. **State's Recommendation and Governor's Decision:** After reviewing the project plan, the agencies prepare a **written recommendation to the Governor to approve or deny the STAR bond project**. The Governor then makes the final call. For NOVA districts, as noted, the Governor must issue a decision within 180 days of the application. The Governor's approval will be based on the statutory criteria and the findings of the agencies, considering factors like alignment with the Act's purpose, the project's economic merit, and adherence to the 50% state financing limit (the plan will not be approved if it tries to use more than the allowed state tax increment). If approved, the Governor may also require the local government to enter into a **binding agreement or MOU with the State** outlining certain conditions. For example, this agreement can include claw-back provisions (requiring the municipality to repay State sales tax funds if the Act or agreement is violated), ensuring the State's interests are protected. The Governor's written approval is sent to the local government, enabling the project to proceed to local adoption; a denial would terminate the project.
4. **Local Adoption of Project Plan:** Upon receiving the Governor's approval, the local process resumes. The planning and zoning commission (if the municipality has one) will first review the STAR bond project plan to confirm it is consistent with the local comprehensive development plan. Then the city council or county board must hold a **local public hearing on the adoption of the project plan** (distinct from the earlier district hearing). The local authorities pass a resolution setting this hearing, which must be advertised and noticed to property owners similar to the district hearing. The hearing must occur 20–90 days after the resolution calling it. At the hearing, the project details are presented (often by the developer or city staff) and the public can comment. After considering any input, the local governing body can **formally adopt the STAR bond project plan by resolution**. This local adoption is essentially the final approval needed at the local level, signifying that the community consents to the project as vetted by the State.
5. **Final Documentation and Bond Issuance:** Within 30 days of adopting the project plan, the city or county clerk must **file copies of the project plan resolution, legal description, and a map of the project area** with the county authorities and the State (DCEO and Dept. of Revenue). This ensures all taxing bodies are informed of the new STAR bond project area (for tracking the tax increment). At this stage, the political subdivision is empowered to proceed with the **financing**: it may negotiate and enter into a **project development agreement** with the developer(s) (laying out the responsibilities for construction, operation, and maintenance of the project), and it may **issue STAR bonds** to fund the project costs as planned. STAR bonds can be issued in series, and used to reimburse eligible costs or directly pay for infrastructure, land acquisition, and other

project expenses. The bonds will be repaid over time from the pledged sales tax increments generated by the new development.

In sum, the approval process is **two-tiered**: first the *district* (the geographic and conceptual umbrella) is approved, then each *project* under that umbrella is approved. Both tiers require local resolutions (with hearings) and State evaluation (with Governor's sign-off). This rigorous step-by-step process – from the initial local resolution of intent, through public hearings, to detailed state feasibility vetting, and finally to local adoption of the project plan – is designed to ensure that only sound, publicly supported projects receive STAR bond financing. The multiple checkpoints guard against misuse of funds and help align projects with the economic development goals of both the local community and the State of Illinois.

Implementation Requirements and Post-Approval Obligations

Approval of a STAR bond district and project is just the beginning. The law imposes ongoing requirements to ensure the project is actually built and delivers the promised economic benefits. These **implementation, compliance, and enforcement provisions** are critical to protect public interests. Key requirements include construction timelines, investment and job milestones, regular reporting, and remedies if the project underperforms or deviates from the plan:

- **Construction Commencement Benchmark:** After project plan approval, the developer must **begin actual construction work within 3 years** of the adoption of the project plan. This “commence work” requirement means tangible development on-site – such as grading land or building foundations – must start within that period. If the developer **fails to commence work within 3 years**, the Act mandates that **STAR bond funding for the project will cease**. The developer then has one opportunity to remedy the delay: they may appeal to the local governing body for a **one-time, one-year extension/reapproval** of the project. If the local authorities grant this reapproval, the developer gets another 3-year window from the date of reapproval to start construction. However, if the developer ****does not secure reapproval or fails to start construction by the end of the second 3-year period**, the project is to be **terminated** by law. In that event, no further STAR bond funds can be used, and the Illinois Department of Commerce may even entertain new STAR bond project applications from other developers for that same Economic Development Region (since the originally approved project fell through). This provision is essentially a **use-it-or-lose-it clause** – it prevents a situation where an area is tied up as an approved STAR bond district with no progress on the ground. Developers are thus incentivized to move swiftly into the construction phase or risk forfeiting the STAR bond support.
- **Mid-Project Performance Milestones (Jobs & Investment):** The Act includes robust compliance checkpoints at defined intervals to ensure the development is achieving the economic goals it set out. For a **standard STAR bond project**, the critical evaluation occurs on the **5th anniversary of the first distribution of State sales tax increment** from the project (roughly, five years after the project begins generating revenue and the State starts paying out increment to the bonds). At that point, the Illinois DCEO Director, in consultation with the local government and the developer, will **assess two key**

metrics: (a) the **total development cost invested to date**, and (b) the **number of new jobs created** in the STAR bond district. The law sets minimum targets that must be met by that 5-year mark for standard projects: **at least \$30 million in development costs** must have been expended, and **at least 300 new jobs** should exist within the district. For a **NOVA project**, this compliance assessment is somewhat later and higher in scope: it takes place by the **15th anniversary** of the first State tax increment (or earlier, if requested by the developer), and the targets are **at least \$500 million in development costs** and **1,500 new jobs** created in the district by that time. These figures mirror the initial approval criteria, effectively requiring the project to fulfill its promised investment and job creation within a certain period.

- **Consequences for Shortfalls – Bond Issuance Freeze:** If at the time of the 5-year (or 15-year) review the project **has not reached the required investment threshold** – e.g. a standard project has spent under \$30 million so far – then the law imposes an immediate control: **no new STAR bonds may be issued for that project/district until the threshold is met**. This means the developer cannot continue to draw additional STAR bond financing if the development is lagging in investment; essentially, the project must catch up (inject more capital) before it can receive further public funds. This provision protects the State from pouring money into a stalled or under-scaled development. Once the total development cost to date does exceed the required \$30 million (or \$500 million for NOVA), bond issuance can resume (provided the project is still within the allowed timeframe).
- **Consequences for Shortfalls – Job Creation Penalty:** If the **job creation target is not achieved** by the 5th year (standard) or 15th year (NOVA) mark, the Act authorizes a financial penalty. Specifically, if there are fewer than 300 new jobs in a standard district (or fewer than 1,500 in a NOVA district) at the checkpoint, the **State may require the master developer to pay a penalty of \$1,500 for each job below the target, per year**. This penalty accrues annually until one of three things occurs – whichever comes first: **(i) the 23rd anniversary** of the first State increment distribution passes (which is effectively the normal maximum lifespan of STAR bonds for a standard project), **(ii) all STAR bonds** issued in the district are fully paid off, or **(iii) the developer manages to create the required number of jobs (300 or 1,500) in the interim**. In practice, this means the developer has a strong incentive to ramp up hiring or attract businesses to hit the job threshold as soon as possible, or else face potentially hefty payments that would erode their financial returns. It is worth noting that once the developer *does* achieve the job target (say by year 6 or 7), and after the fifth anniversary has passed, there is **no ongoing obligation to maintain those specific jobs beyond that point** – the requirement is essentially to create them by the deadline, not necessarily to keep the headcount forever. Also, the Act provides a safety valve: the developer will **not be penalized for shortfalls caused by force majeure events** (e.g. natural disasters, strikes, pandemics – circumstances beyond the developer’s control), as long as those are documented per the master development agreement.
- **Duration Limits on STAR Bond Revenue Collection:** A key implementation parameter is how long the STAR bond financing can run. For **standard districts**, STAR bonds typically have a maximum maturity of **23 years** from the date the State sales tax increment is first distributed to the project. This aligns with the idea that after roughly two decades, the project should be self-sustaining and the public support ends. However,

a standard STAR bond district can extend the life up to **35 years** if needed, but this requires a local resolution and **approval from the Governor** (it's not automatic). In no case can it exceed 35 years. By contrast, **NOVA districts are allowed a 35-year term outright** – the maximum maturity of bonds for a NOVA project is explicitly **35 years** from first increment, without needing a special extension. These limits ensure that the State's commitment of sales tax revenue is time-bound. If a project has not generated enough increment to pay off its bonds by the end of the period (especially the extended period for NOVA), the remaining debt would have to be covered by other sources (since State increment payments would stop).

- **Annual Reporting and Oversight:** Throughout the life of the district, transparency and oversight are maintained via required reporting. Each year, the political subdivision must **submit an annual status report** to DCEO, the Dept. of Revenue, the Governor, and GOMB by June 1. This report details the STAR bond project's progress, including how bond proceeds have been spent in the prior year, the current status of development, the revenue generated and collected, and projections for future revenue and expenditures. The master developer must certify the accuracy of this report under oath. The Department of Commerce (or the Auditor General at the Department's request) has the right to audit these records to verify the information. This annual reporting mechanism acts as a **compliance check** and provides data for the State to monitor whether the project is on track financially and adhering to the plan.
- **Clawback and Enforcement Agreements:** As mentioned, the Governor's office can require the local government to sign a **memorandum of understanding (MOU) or agreement** when approving a project, which can formalize additional enforcement provisions. One common clause would be a **clawback provision** where the municipality agrees to **repay State sales tax increments** if the project violates certain terms or fails to meet its obligations. This is a powerful enforcement tool: it means if the developer or city does not deliver on what was promised (for instance, misusing funds or not achieving public purpose goals), the State can recoup some of its contribution. The possibility of having to repay focuses local officials and developers on compliance.
- **Master Developer Standards and Changes:** The master developer, who is essentially the lead entity responsible for the project, is held to high standards from the outset (credit rating or equity requirements as discussed). If the master developer were to be replaced or joined by additional developers (co-developers or sub-developers), those typically need State approval as well, ensuring that any party involved can fulfill the obligations. All development within the district remains subject to the master development agreement and the project plan; substantial changes would generally require going back through a similar approval process (with hearings and state review) as the original, to amend the plan.
- **Other Compliance Requirements:** There are a few additional implementation requirements worth noting. All construction must comply with the **Project Labor Agreement** and responsible bidder provisions (ensuring union labor and fair wages) that were verified at district establishment. The **environmental and sustainability commitments** in the master development agreement (e.g. green space preservation, renewable energy usage, stormwater management, etc.) must be carried out as the project is built. Failure to adhere to these could potentially be considered a breach of the agreement, enforceable by the State or local government. Also, notably, a STAR bond

district cannot be established in the City of Chicago (population over 2 million) – this constraint ensures the program targets more underdeveloped areas of the state.

In conclusion, the STAR bond legislation couples the upfront financial incentives with **stringent implementation oversight**. Developers are obligated to break ground promptly and hit investment and job creation targets, or face financial penalties and loss of bond support. Regular reporting and the threat of clawbacks further safeguard that public funds are used effectively and as intended. These measures attempt to balance the risk by ensuring that if the promised economic benefits do not materialize, the public sector has tools to limit exposure or recover funds. Successful execution of a STAR bond project, therefore, demands not only initial planning but sustained performance and compliance over many years, aligning with the legislature’s vision of accountable economic development.

Comparison of Standard vs. NOVA STAR Bond Districts

To summarize the differences between a standard STAR bond district and a NOVA district, the table below compares their key features and requirements:

Feature	Standard STAR Bond District (Non-NOVA)	NOVA STAR Bond District (New Opportunities for Vacation & Adventure)
Minimum Contiguous Acreage	No explicit minimum acreage (must meet “eligible area” criteria, e.g. 50% underserved area). Typically smaller or moderate-sized development areas.	≥ 500 contiguous acres – very large-scale development footprint required.
Required Total Development Cost (project capital investment)	≥ \$30 million projected investment in at least one STAR bond project. Ensures substantial project size.	≥ \$500 million projected investment. Significantly higher threshold reflecting a mega-project.
Projected Annual Gross Sales	≥ \$60 million per year in the STAR bond project (expected revenue from retail/entertainment operations).	≥ \$300 million per year – extremely high sales volume anticipated from a destination attraction.
Projected Job Creation	≥ 300 new jobs in the district (permanent full-time equivalent jobs once project is operational).	≥ 1,500 new jobs – a much larger employment impact consistent with the scale of the project.
Projected Annual Visitors	<i>No specific requirement</i> (visitor draw is considered in feasibility, but not quantified in law for standard projects).	≥ 1,000,000 visitors annually . NOVA projects must be major tourist attractions.
State Sales Tax Increment Usage	- 100% of increment from up to 4 designated development users (anchor businesses). - 25% of increment from all other sales in the	- 100% of increment from up to 4 development users (same as standard). - 50% of increment from all other sales (double the

Feature	Standard STAR Bond District (Non-NOVA)	NOVA STAR Bond District (New Opportunities for Vacation & Adventure)
Maximum State STAR Bond Contribution (Cap)	<p>district. (<i>Local sales tax increment: 100% available in both types.</i>)</p> <p>Lesser of 50% of total project costs or \$75 million from State sales tax. State funds cannot exceed half the development cost, and an absolute dollar cap of \$75M applies.</p>	<p>standard share, allowing greater state contribution).</p> <p>Lesser of 50% of total project costs or \$800 million. (50% limit still applies, but cap is dramatically higher to accommodate very large projects.)</p>
Duration of STAR Bond Financing (Max. bond maturity)	<p>23 years from first State tax increment distribution. <i>Can be extended up to 35 years</i> by local resolution with Governor’s approval, but not beyond 35 years total.</p>	<p>35 years from first State tax increment. Longer financing period allowed by default (no special extension needed) given the scale of investment.</p>
Mid-Project Performance Check (Investment & Jobs)	<p>5-year mark: By 5 years after first tax increment, project should have \geq \$30M invested and \geq 300 jobs created. State will evaluate progress.</p>	<p>15-year mark: By 15 years (or earlier if chosen) project should have \geq \$500M invested and \geq 1,500 jobs. (Later check-point accommodates longer build-out.)</p>
Enforcement for Shortfalls	<p>- If $<$ \$30M invested at 5 years, no new bonds can be issued until threshold met. - If $<$ 300 jobs at 5 years, \$1,500 per missing job penalty per year until corrected (or bonds mature/paid). - Uncured failure to start construction in 3 years → project terminated.</p>	<p>- If $<$ \$500M invested by year 15, no new bonds until threshold met. - If $<$ 1,500 jobs at 15 years, \$1,500 per missing job annual penalty until corrected (or bonds paid/35 years). - Same 3-year construction start rule and termination for non-compliance.</p>

Sources: Key provisions are drawn from Illinois SB 1911 (Enrolled) – the Statewide Innovation Development and Economy Act – including Section 5-10 (definitions of *NOVA district* and project criteria), Section 5-20 (district establishment process), Section 5-30 (project approval and requirements), and Section 5-45 (financing and limitations). The comparison above highlights the differences in scale and terms between standard and NOVA districts as prescribed by the Act.