

Special Service Area Implementation Steps & Requirements

A. What is a Special Service Area & What Can It Do?

What is it?

A special service area (SSA) is a 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 for and deliver services to limited geographic areas within their jurisdictions.

What is the 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 area 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 implementation of SSA’s in Illinois.

SSA’s appear to be 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?

SSA’s are a unique financing tool that can be 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 SSA’s are the following:

Support Services

- Downtown Marketing
- Special Events
- Seasonal Decorations
- Downtown Promotion/Advertising
- Tenant Search/Leasing Support

- Transportation (e.g. Downtown Trolley)
- 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

B. How Have Other Communities Used SSA'S?

A statewide survey conducted in 1991 indicated that there were over 400 SSA's in existence in Illinois, with many communities having ten or more active SSA's. These SSA's included real estate valued at almost \$13.3 billion (EAV) covering all types of new and existing residential, commercial and industrial land uses. The number of SSAs has continued to increase each year.

SSA's are largely used to support retail districts, especially central business districts. A survey of communities with SSA's covering central business districts was completed. In general, communities surveyed were very satisfied with the performance of the SSA in providing essential services and improvements. In addition, SSAs are used for other community improvements including infrastructure in newly developing areas in some communities.

C. Steps in Establishing an SSA

The steps in creating an SSA are not overly complex. However, success depends largely in obtaining the support of property owners and tax payers in the SSA. This leads to following process:

Organizational and Process Alternatives – The most important step in the process is determining the overall strategy to be used in organizing support and building consensus. Will the proposal be led by a government agency, the Chamber of Commerce, or another group? Should a new group be formed? Is it important to have objective and/or professional assistance (e.g. consultants)? What will be the governing structure of the SSA? And many more questions. *TIME: Variable.*

Define the Services -- The SSA's can be extremely flexible in their uses, but the uses must be specifically authorized by the enabling ordinance. It is critical to take as much time and effort in this stage as necessary to build support for the proposed services. *TIME: Variable.*

Define the Boundaries --The SSA levies an additional tax on parcels within a carefully-defined geographic area in order to be enacted. Larger areas tend to bring in more revenue, but generally take more effort in the planning stages to build consensus. *TIME: Variable.*

Determine Costs/Budget -- Based on the services required and the boundaries of the area, preliminary costs are determined. Operating and capital budgets must be prepared. *TIME: Variable.*

Proposing the Ordinance -- Ultimately, the SSA must be established by ordinance of the local government. *TIME: Variable; consistent with local policy.*

Public Notices -- The local government must notify affected taxpayers by U.S. Mail and public notice in a general circulation newspaper. *TIME: Minimum of 10 days by mail, 15 days by newspaper.*

Public Hearing(s) -- At least one (more if necessary) public hearing must be held covering the creation of the special service area, including the proposed geographic area, budget, services and tax levy. *TIME: As required; consistent with local policy.*

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 the 60 days AND carries the signatures of at least 51 % of the registered voters residing in the proposed SSA area AND at least 51 % of the property owners of record in the area, the SSA is defeated and can NOT be resubmitted for two years. *TIME: 60 Days from the Last Public Hearing.*

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

Approval of Budget and Levy -- The local governing body must approve the annual budget and levy each year. Tax monies will be received the following year by the City or County Clerk for use in authorized activities only. *TIME: Annually.*

Amendments -- It is possible to amend an SSA once approved provided specific procedures are followed. *TIME: In most cases, same as original procedure.*