STAR Bonds – Opportunities and Framework

January 2026

Illinois
Department of Commerce
& Economic Opportunity
JB Pritzker, Governor

Overview of STAR Bonds Framework

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Statewide Innovation Development and Economy Act

- Enables political subdivisions (municipalities and counties) to issue State Tax and Revenue (STAR) bonds to support capital investment in major projects that could not otherwise occur
- The STAR bonds are backed by the State and local sales tax increments generated within the STAR bond district
- Promotes development of destination tourism, entertainment, retail & related projects
- Fosters job creation and investment across the state

How STAR Bonds Work

- Political subdivisions are authorized to issue bonds to support development of approved STAR Bond projects within approved STAR Bond Districts
- Sales tax increment (in excess of base year) is used to pay debt service on bonds
- Generally cannot use sales tax revenue attributable to retail operations relocated from within 25 miles of the District
- Calculation of available funds overseen by IDOR
- District and Project plans subject to final approval by the Governor

Sequencing

1 – Political subdivision establishes STAR Bonds districts

- Provide notice of intent by June 1, 2026
- Submit proposals by January 1, 2027
- Subject to State approval
- No limit to number of Districts

2 - Obtain approval for selected STAR Bonds project within approved districts

- Submit plans by June 1, 2028
- Subject to State approval
- Number of projects is limited by EDR

3 - Execute approved STAR Bonds projects

- Must commence within 3 years of approval

Establishment of STAR Bond Districts

Deadlines

1. **June 1, 2026:** Notice of Intent to establish District due
    - Submit to Department of Commerce & Economic Opportunity (DCEO) and Department of Revenue (IDOR) at CEO.STARbonds@illinois.gov
    - Commit to public hearing
2. **January 1, 2027:** District plan proposals and supporting documentation due
    - Submit to DCEO, IDOR and the Governor's Office of Management and Budget (GOMB)
3. **June 1, 2028:** Project plans and supporting documentation due
    - Submit to DCEO, IDOR and GOMB.
4. Commence work within 3 years of State approval

STAR Bond District Eligibility

Contiguous parcel of property that meets the following:

- Property is directly and substantially benefited by the district plan
- 50% of area in district is underserved
- Population of 10,000 within 5 mile radius
- Within 15 miles of Interstate or state highway

Resolution from unit of local government (supported by County authorities if applicable)

No limit on number of districts

STAR Bond District Plan

- Political Subdivision prepares in consultation with Master Developer
- Master developer must meet high standards for credit worthiness and financial strength
- District plan includes:
    - Boundaries for the district
    - Buildings, facilities, and improvements to be constructed
    - Projected capital investment of at least $30m (or $500m for a NOVA District)
    - Projected annual gross sales of at least $60m (or $300m for NOVA District)
    - Projected 300 new jobs (1,500 for NOVA District)

NOVA Districts

- New Opportunities for Vacation and Adventure Districts (NOVA)
- STAR Bond District that encompasses 500 contiguous acres that has a reasonable expectation of:
  - Producing $500m in capital investment
  - Generating $300m in annual sales
  - Attracting 1m in annual visitors
  - Create 1,500 jobs

Establishing a STAR Bond District

- Political Subdivision must pass a resolution
  - Notice and public hearing required
- Resolution must:
  - Identify the boundaries
  - Contain a district plan
  - Appoints a master developer that meets high standards for credit worthiness and financial strength appointed for project and has signed a project labor agreement
  - If applicable, find that the district meets the expectations to be a NOVA district.

State Agency Evaluation

- Resolution and District Plan submitted to DCEO, IDOR & GOMB evaluate STAR District applications for consistency with statutory requirements.
- Agencies will make joint recommendation to approve plans meeting following criteria:
  - District location is eligible
  - District plan reasonably expected to meet applicable job creation, investment and sales thresholds for STAR/NOVA projects
  - District plan is in public interest and consistent with intent of the Statewide Innovation Development and Economy Act
- Final approval or denial issued by the Governor

STAR Bond Projects

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Scope of Allowable Expenditures of Bond Funds

Generally Allowable	Specifically Excluded
Design & Engineering	Construction costs on public buildings leased to project participants
Land acquisition and site prep	Property taxes
Infrastructure	General admin/overhead
Construction	
Some employee training	
Other limited costs necessary for success of the project	

Standard STAR projects vs. NOVA projects

District	Minimum Projected Job Creation	Minimum Projected Investment	Minimum Annual Projected Sales	Bonding Authority
STAR	300	$30 million	$60 million	50% of total development costs or $75 million (whichever is less)
NOVA	1,500	$500 million	$300 million	50% of the total development costs or $800 million (whichever is less)

STAR Project Plan

- Written plan prepared by master developer and adopted by a political subdivision for the development of a STAR bond project in an approved STAR bond district;
- Potential Components:
  - Estimated project costs (prior and future)
  - Proposed sources of funds, including nature and estimated term of any obligations to be issued
  - Equalized assessed valuation of the STAR bond project area (current and post-project)
  - General description of the types of any known or proposed developers, users, or tenants,
  - General description of the land uses and type, structure, and character of the improvements,
  - Estimate of the type, class, and number of employees to be employed in the operation of the STAR bond project.

Feasibility Study

- Any Political subdivision considering a STAR bond project within a STAR bond district shall commission an independent feasibility study prepared by a consultant
- Consultant is to be selected by the political subdivision approved by DCEO.
- The study must be submitted to the Political Subdivision, DCEO, IDOR & GOMB.

Feasibility Study Requirements

- The estimated amount of pledged STAR revenues expected to be collected in each year through the maturity date;
- How the project will contribute to economic development;
- Visitation expectations;
- An economic impact and market studies;
- Current and anticipated infrastructure analysis;
- Integration and collaboration with other resources or businesses;
- Project accountability, measured according to best industry practices ;
- The expected return on State and local investment the project plan;
- An anticipated principal and interest payment schedule on the STAR bonds

Required Elements of STAR Bond Project Application to the State

- Summary of the feasibility study;
- Reference to the appropriate STAR bond district plan
- Legal description and map of the STAR bond project area to be developed or redeveloped;
- Description of the buildings and facilities proposed to be constructed or improved
- Letters of intent to locate within the STAR bond district
- Project labor agreement entered into by the master developer
- Other information deemed reasonable and necessary to advise the public regarding the project plan

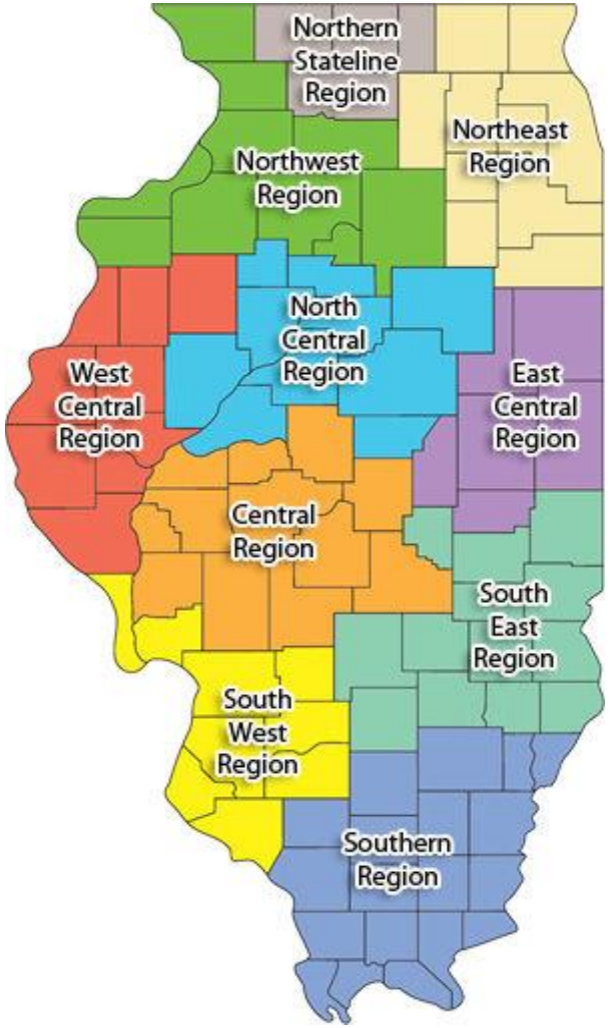
Approved Projects Limited

Each Economic Development Region (EDR) has a project limit based on population

- > 1 million – 4 projects (NE)
- > 600,000 – 3 projects (NC & SW)
- < 600,000 – 1 project (all others)

No projects allowed within Chicago municipal limits

No professional sports stadium projects allowed



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State Evaluation and Project Approval

- DCEO, IDOR & GOMB evaluate STAR Project applications for consistency with statutory requirements and the public interest, and make recommendations to the Governor.
- Governor issues final approval or denial, and may require binding agreements from the Local Unit of Government as a condition of approval
- Upon receipt of approval, the political subdivision announces it is considering the adoption of the STAR bond project plan
- The political subdivision must conduct public hearings prior to final approval of Star Bonds project

Additional Resources and Contact Information

- DCEO Web Site: https://dceo.illinois.gov/star-bonds.html
- Statute: https://ilga.gov/Documents/Legislation/PublicActs/104/PDF/104-0453.pdf
- Star Bonds Program Email: CEO.STARbonds@illinois.gov