

Frequently Asked Questions

In a nutshell, what exactly is the EDA?

EDA is short for “Economic Development Area”. It is quite literally an area of land. The “Sears EDA” is located between Rt. 59 west to Beverly Rd. and from Rt. 72 South to Rt. 90. The deal that Sears was given in 1989 to encourage them to stay in Illinois, allows them to use property tax money that would normally have been paid to local taxing bodies for the development of this area. For the history and more information visit this link <http://tinyurl.com/more76> .

Is Sears even in District 300?

Absolutely! The Sears headquarters and the entire EDA is located in the far Southeast end of our district boundaries.

Does D300 want Sears to leave Illinois?

No! D300 doesn't want Sears to leave Illinois or Hoffman Estates. Many D300 residents work for Sears and have family and friends who work at Sears. No one wants to see anyone lose their job let alone members of our D300 family.

What will happen to D300 if the EDA does not expire as intended?

If the EDA is extended for the proposed 15 year extension, District 300 will lose, at minimum, \$14 million per year from property tax revenue that will be diverted away from our schools to the Village of Hoffman Estates and Sears. Over the past 23 years, Sears did not indicate that they would be requesting an extension, nor was D300 given any notice that this legislation was being proposed.

What will happen to the rest of the D300 taxpayers if the EDA is extended?

Everyone outside of the EDA who pays property taxes in the district has already been affected by the EDA. When hundreds of millions of tax dollars are taken from our district by the state to give to another municipality, the rest of us have to make up the difference by raising our taxes to pay for what the diverted taxes would have paid for. In other words, some of the referenda that were passed in the last 20 years most certainly would not have been necessary if we had been getting the taxes generated by the Sears property! If extended, all of us will continue to make up the difference for of the tax loss created by the EDA.

Who controls the money that is in the EDA fund?

Hoffman Estates and Sears, the way that the EDA works is that Sears actually pays the full amount taxes on the property, but instead of being distributed to taxing bodies, the majority is put into a fund that pays Sears back for any development work. Under the state statute that established the EDA, Hoffman Estates controls the EDA because the land sits in their village. And, the frightening thing is

that there is NO OVERSIGHT of how Hoffman uses those funds – our tax dollars! In fact, we have not been able to find evidence that even one audit has ever been done on Hoffman’s use of the funds.

The original statute that created the EDA only established two requirements that are related to oversight:

1. It required that Hoffman Estates and Sears file a copy of the original paperwork related to the establishment and funding of the EDA. This included the original contract entered into between Hoffman and Sears, plats of survey on the actual area to be covered, paperwork related to the initial bonds taken out to start the development of the area.
2. It requires that Hoffman give notice to all effected taxing bodies if it intends to materially change the EDA in anyway. For instance, if they want to widen the area encompassed by the EDA they would have to give all of the other taxing bodies notice of their intentions. If any of the effected taxing bodies were to object, then they would be required to hold hearings on those objections.

THAT’S IT! No audits, no yearly reporting, nothing. For the past 21 years Hoffman has had virtually unencumbered ability to use the money in any way they wanted.

What other taxing bodies are affected by the extension of the EDA?

There are 14, including Hoffman Estates Park District, ECC, Cook County Forrest Preserve, D46 and the Barrington Library District just to name a few. D300 is by far the largest taxing body in the EDA.

Other than Sears, does anyone else benefit financially from the EDA?

Yes! HOFFMAN ESTATES! Like D300, they get minimal taxes each year based on what the land was valued at when the EDA was first established. However, they have paid themselves tens of millions of dollars in “Administration” fees over the years. Hoffman Estates stands to generate more revenue from the extension of the EDA than they would from the normal assessed taxes on the property at the end of the current EDA.

What is the proposed legislation that D300 is opposed to and is it different from the original deal that Sears was given?

Hoffman Estates has proposed legislation that would not only extend the EDA for another 15 years, it would give Hoffman more power and less responsibility with regard to how the EDA funds would be used.

Amendment 3 to Senate Bill 540 would give Hoffman Estates the power to “acquire and operate publicly-owned buildings” within the EDA boundaries. These are new and unprecedented powers under the EDA which was only ever meant to be used to develop the property – not pay Hoffman Estate’s debts!

There are only two buildings in the EDA that can arguably be the reason that Hoffman wants to give itself this new power – the original “Fire Station #24” that is located in the EDA but was closed for unknown reasons several years ago and is not on the market. And, the Sears Centre Arena. It is

becoming clearer and clearer every day that Hoffman Estates would like to use the power that they will confer upon themselves with Amendment #3 to pay for and run the Sears Centre.

What is Amendment 3 to SB 450?

Amendment 3 refers to an amendment to Senate Bill 540 that sits in the Senate waiting for a vote. The amendment makes three major changes to the original legislation that established the EDA. First, the amendment extends the EDA for an additional 15 years. Second, it gives Hoffman Estates the new power to divert property tax dollars from D300 to use to pay for and run the Sears Centre. And, third, it absolves Hoffman Estates and Sears from reporting anything related to how the money is spent or the EDA is run.

Who is pushing this legislation and why?

Both Sears and Hoffman Estates are pushing the extension. We believe that Hoffman wants this particular bill passed so that they can cover their political butts and not have to go to their taxpayers and, as the EDA is on the land, not the company, we believe that Sears wants it so that they can use it as an incentive to get someone else to buy the property when they leave.

Is Sears working with the State of Illinois on any alternative plans to stay in Illinois?

We do not have any hardcore evidence of another deal. However, we have heard that IN ADDITION to extension of the EDA, Sears is asking for a "Motorola" deal – in which they get a tax credit of a percentage of the state income taxes their employees pay. Think about that for a second – if it's true, they want to take not only our property taxes but additional state revenue from their own employees' tax dollars.

What is the urgency of this if the EDA doesn't expire until 2013?

The only urgency here is Hoffman Estates' urgent wish to get to use our kids' futures to pay for their bad business decisions. There is no urgency. In fact, this is the time to pull the amendment and investigate whether or not the funds were used appropriately in the past and get an idea of what will be done with the funds in the future if the EDA is extended. The urgency for us, however, is that this legislation could be voted on as soon as the Veto Session begins on October 25th.

Isn't Sears just going to leave Illinois if they don't get this extension?

While only the the leadership of Sears can answer that, we don't feel Sears is going to make the decision to move just based on whether or not they get the EDA extension. For decades now corporations have been threatening to leave the state they are headquartered in to try to get handouts to stay. We are not making an argument one way or another on whether or not a state should pay multi-billion dollar corporations to stay in the state at the expense of taxpayers. We are fighting their taking money from our kids' educations to give it to Hoffman and Sears without an investigation of whether or not they have been good stewards of our money and will be in the future. We do not think that they have been or will be in the future. If the State of Illinois wants to make a

deal with Sears, we believe that the burden of this deal should not fall squarely on the backs of our students. Sears has already proven that they will threaten to leave the state in the past, which is why they have the current EDA. They have not honored the spirit of the original EDA since they are again threatening to leave Illinois.

What is D300 doing to spread awareness about this issue?

D300 and A300 are working closely to make sure that the taxpayers, parents, students, educators and business owners of D300 are aware of what is happening by using electronic media like this website, the D300 website (<http://www.d300.org>), A300's Facebook page and D300's Facebook page as well as our online and paper petitions and our phone campaigns. In addition, the district is educating parents through the schools with information in daily announcements, newsletters and through the Infinite Campus communication systems and paper notices sent home with kids.

On October 13th we are having an informational rally at 6:30 at Jacobs High School. The purpose of the rally is not only to answer everyone's questions but also to ask for your help in this campaign in the future. In the next several weeks we will need to put pressure on every single Illinois senator to vote against Amendment 3, pull the extension and investigate why it is necessary to take money from our kids to give to Sears and Hoffman Estates.

If the EDA extension fails, what are some other options?

We won't presume to tell the legislature what to do to appease Sears because we do not want to be responsible for some other taxpayer to be denied so that Sears will stay in the state. However, over the years several different kinds of "incentives" have been given to petulant corporations who stomp their feet and threaten to take their balls and leave the state if they do not get their way.

Where can I find more information about this?

Visit our Facebook page and D300's Facebook page and website at d300.org. Check back here often because we will be adding new information whenever we get it.

What can I do to get involved?

Come to the rally, 6:30pm at Jacobs High School on Thursday, October 13th and learn how you can get involved in the next few weeks. We will be starting our "Letter to the Editor" campaign and will be conducting a whole new round of targeted calls. In addition we will be holding vigil in Springfield throughout the veto session to make sure the extension does not get passed.

If you have a question that you did not see discussed here, you can submit your own question to advance300schools@gmail.com.