



To: Alderman Kevin Frost, Chairman  
Finance and Personnel Committee

From: Todd M. Cagnoni, City Administrator

Re: Proposed Intergovernmental Agreement (IGA) for a Three-Year Property Tax Rebate Program for Newly-Built Residential Construction for single family, townhome, two-family, three-family and multi-family structures located in the City of Rockford and School District 205.

Date: February 18, 2026

Please find the attached Intergovernmental Agreement (IGA) for a **Three-Year Property Tax Rebate Program for Newly-Built Residential Construction for single family, townhome, two-family, three-family and multi-family structures located in the City of Rockford, Winnebago County and School District 205.**

The City of Rockford, Rockford Public Schools, and other interested taxing bodies are proposing extending a new initiative designed to give property tax relief for three years to newly-built homes and residential structures. This will create an attractive market for homebuyers, investors, developers and renters while stabilizing neighborhoods. **The IGA will be under consideration by other taxing bodies in the coming weeks.**

Through the program, taxing bodies will help **revitalize the housing market** by creating opportunities for new residential construction in Rockford Public Schools district and City of Rockford. Ultimately, the Residential Property Tax Program will **assist our housing market by increasing supply, strengthen our neighborhoods, create jobs and lead to lower taxes.**

**In 2024**, we had a total of 131 new construction residential units take advantage of the program. This is broken down with 71 single family homes, 8 duplexes (16 units) and 12 multi-family buildings (44 units), this was the most new residential construction permits since 2007.

**In 2025**, we had a total of 161 new construction residential units take advantage of the program. This is broken down with 91 single family homes, 24 duplexes (48 units) and 5 multi-family buildings (22 units), this remains on track for more residential construction since 2007.



The Program provides a three-year property tax rebate, issued at the end of the tax year in a single lump sum, for up to 100 percent of the total property tax bill for the structure depending on the participating taxing bodies. Last year **Rockford Public Schools, City of Rockford, Library, Airport and Rockford Township participated representing approximately 75 percent of the tax bill.** All taxing bodies are invited to join.

**This program is intended to create value for all taxpayers by encouraging investment in all neighborhoods. Creating new residential construction helps increase the value of ALL homes in a neighborhood.**

Eligible Projects / Properties Include:

- Newly built Owner- Occupied Single Family Homes.
- Newly-Built Residential Construction for townhome, two-family, three-family and multi-family.
- Qualified residential structures shall be located in the boundaries of the City of Rockford, Winnebago County and School District 205
- The permit for the construction of the house was issued on or after January 1st, 2026 (Or alternative date determined by the Governing Bodies) and before December 31, 2026.
- An occupancy permit is issued no later than 12 months after issuance of the building permit for construction or December 31, 2027 (whichever comes first).
- The applicant is the owner of the property, (single family homes are required to be owner occupied);
- There is no challenge to the assessed value of the property or to the amount of taxes owed or paid.
- Property Tax Rebate shall not be eligible for new construction projects that have a development agreement, funding agreement or cost participation on the project with the City or if the construction project is eligible for State or Federal programs.

Staff recommends approval of the attached Intergovernmental Agreement (IGA) for a Three-Year Property Tax Rebate Program for Newly-Built Residential Construction for single family, townhome, two-family, three-family and multi-family structures located in the City of Rockford, Winnebago County and School District 205

Should you have any questions, please let me know.

**COMMITTEE REPORT**

**TO THE CITY COUNCIL OF THE CITY OF ROCKFORD:**

Council Members:

The Committee on Finance and Personnel having received a request hereby begs leave to report recommending **approval** of the Proposed 2026 Intergovernmental Agreement (IGA) for a Three-year Property Tax Rebate Program for Newly-Built Residential Construction for single family, townhome, two-family, three-family and multi-family structures located in the City of Rockford and School District 205. The Legal Director shall prepare the appropriate ordinance.

\_\_\_\_\_  
Kevin Frost (Chair)

\_\_\_\_\_  
Jonathan Logemann (Vice chair)

\_\_\_\_\_  
Frank Beach

\_\_\_\_\_  
Dawn Granath

\_\_\_\_\_  
Chad Tuneberg

Committee Action Taken:

Frost:	Ayes:___	Nays:___	Absent:___
Logemann:	Ayes:___	Nays:___	Absent:___
Beach:	Ayes:___	Nays:___	Absent:___
Granath:	Ayes:___	Nays:___	Absent:___
Tuneberg:	Ayes:___	Nays:___	Absent:___

**INTERGOVERNMENTAL AGREEMENT ON PROPERTY TAX REFUNDS**

This Agreement is entered this \_\_\_ day of \_\_\_\_\_, 2026, by and between the Board of Education of the Rockford Public Schools District No. 205, Winnebago and Boone Counties, Illinois (School District), the City of Rockford, Winnebago and Ogle counties, Illinois (City), and the County of Winnebago (County), Rockford Park District all units of local government organized and existing under the laws of the State of Illinois.

WHEREAS, the Illinois Constitution, Article VII, Section 10(a) authorizes school districts and units of local government to associate among themselves to cooperatively exercise their powers in any manner not prohibited by law; and

WHEREAS, the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., allow units of local government and school districts to contract with each other to perform any governmental service, activity or undertaking which such entities are authorized by law to perform; and

WHEREAS, the School District, City, Park District and County desire to create an intergovernmental agreement on residential property tax refunds which is compliant with the policies of all three participants, constitutes the proper exercise of governmental authority and tends to foster sales of new residential real estate; and,

WHEREAS, the School District, City, Park District and County each receive a substantial portion of its operating revenue from local real property tax levies; and,

WHEREAS, to sustain growth of the real estate tax base, it is necessary to encourage new residential property development and stabilize residential occupancy; and,

WHEREAS, it is in the best interest of each signatory to work cooperatively to promote growth and stabilization of the real estate tax base; and.

WHEREAS, the School District, the City, the Park District and the County are empowered by Illinois law, statutory authority or the reasonable extension thereof to authorize and pay property tax refunds; and,

WHEREAS, this Agreement is entered into between and for the joint benefit of the School District, City, the Park District and the County and such further taxing districts with boundaries lying within or partly within the limits of the City who adopt and execute this Agreement, collectively, signatories hereto and no right, duty, benefit nor entitlement is intended or created in favor of any person or entity not a signatory hereto; and

WHEREAS, the School District, the City, the Park District and the County have additional interest in establishing a residential rehabilitation program that stabilizes existing housing stock and increases equalized access value through property tax rebates and agree to further discuss and evaluate such a program through

meeting on a regular basis over the next 6 months with the first meeting taking place within 30 days of the approval of this IGA; and

NOW, THEREFORE, the City, School District, Park District and County agree as follows:

**I. EXERCISE OF POWERS/PURPOSE**

A. The School District, the City, the Park District and the County (the Governing Bodies) and such other taxing districts which may approve and adopt this Agreement (hereinafter collectively referred to as Participants) hereby acknowledge and agree that this Agreement constitutes a joint exercise of the powers of each party as granted by law of the State of Illinois, and the obligations and undertakings herein set forth are a proper joint exercise of each party's authority. The Agreement is intended to qualify as an intergovernmental cooperation agreement under the above cited Constitution and statute.

B. The purpose of this Agreement is to establish for the time and under the provisions set forth in this Agreement a system of residential real property tax refunds for purchasers of certain owner-occupied newly-constructed single family residential real estate and multi-family residential real estate within the boundaries of the City (the "New Residential Construction Property Tax Refund Program").

**II. PROPERTY TAX REFUNDS**

The Participants approve the system of refund of property taxes upon the terms and conditions set forth in this Agreement and within the terms, limitations and conditions set forth in Exhibit A attached hereto and made a part hereof.

**III. JOINT OVERSIGHT COMMITTEE**

There is created by this Agreement a Joint Refund Oversight Committee. The Committee shall be composed of one designated representative from each Participant as selected by the chief executive officer of each Participant. The duties of the committee shall include, but not be limited to review of procedures for refunds and assessing the effectiveness of the program as an incentive for growth in new construction of single family and multi-family residential real estate and preparation of reports to Participant's regarding the refund system operation, effectiveness and statistical information. Administration of refund payments and operation of the New Residential Construction Property Tax Refund Program is conducted through the City.

**IV. DURATION**

The Eligibility Period for applicants for refunds shall commence as stated in Exhibit A and shall terminate December 31, 2026 all as provided in Exhibit A. This Agreement shall terminate upon the final payment of property tax refunds to eligible approved property owners. This Agreement, and the Eligibility Period, may be extended for an additional period of time upon the written approval of all Participants subsequent to resolution or

ordinance of each Participant approved by its governing body and specifying the duration of extension which shall be coterminous with all Participants. The Effective date of this Agreement shall be that date upon which the last entity of the School District, the City and the County have approved this Agreement by resolution or ordinance. However, if the governing body of any Party fails to approve the Agreement by resolution or ordinance, then the Effective date shall be the date upon which the last Party approved the Agreement. In that event, this Agreement shall remain in full force and effect for all remaining Parties or subsequent Additional Taxing District Participants.

**V. COSTS, EXPENSES, AND FUNDING**

Each Participant shall be responsible for its own costs and expenses of operation of the refund system and funding for the total amount of any refunds issued by such Participant; provided, the City shall bear the cost of administration and payment processing.

**VI. NO PRIVATE RIGHT OF ACTION**

This Agreement does not create nor is intended to establish any private right of action against any Participant by any individual based upon or as a claim for refund. The issuance of refunds is entirely discretionary and within the sole decision of each Participant. The determination of eligibility of any applicant for refund shall be based exclusively on the criteria set forth in Exhibit A attached to this Agreement and determined by the City; provided that eligibility or application approval shall not be based upon any impermissible criteria including without limitation, gender, race and age.

**VII. TERMINATION**

This Agreement shall terminate by expiration of time pursuant to the provisions of section IV. In the event any court of proper jurisdiction determines that any one or more of the Governing Bodies is without authority to issue refunds or that the Agreement does not constitute a proper exercise of intergovernmental authority and enters a final order to such effect, this Agreement shall then terminate and all refund payments shall immediately cease. In the event of termination of Eligibility Period by expiration of time, Participants agree to complete all refund payments to eligible approved property owners who have qualified property and are eligible for refunds on or prior to the date of expiration of the Eligibility Period. In the event of termination by court order, no further refund payments shall be made by any Participant subsequent to the date of such final order.

**VIII. INDEMNIFICATION**

Each Participant shall and does hereby indemnify and hold harmless the other Participants from and against any claims, actions, causes of action, damages, losses, costs and expenses, including reasonable attorney's fees, arising solely from any claim against a Participant based on or related to the action of one or more other Participants.

**IX. ADDITIONAL TAXING DISTRICT PARTICIPANTS**

Any unit of local government which is a taxing district and which is authorized to enter into intergovernmental agreements under the provisions of the Illinois Constitution and the Intergovernmental Cooperation Act may become a Participant and signatory hereto upon adoption of this Agreement and the New Residential Construction Property Tax Refund Program. Such adoption must include all terms and conditions of the New Residential Construction Property Tax Refund Program.

**X. NOTICES**

The effective date of written notice shall be the date of hand delivery or the date such notice is placed in the U.S. Mail addressed as indicated below. If required or permitted to be given, all written notices to the City, the School District and the Park District shall be directed as follows:

School District:	Superintendent of Schools Rockford Public Schools 501 Seventh Street Rockford, Illinois 61104	Copy to:	General Counsel Rockford Public Schools 501 Seventh Street Rockford, Illinois 61104.
City of Rockford:	Office of the Mayor 425 E. State St. 8th Floor Rockford, IL 61104	Copy to:	City Legal Director 425 East State Street 7th Floor Rockford, IL 61104
Winnebago County:	Board Chair Winnebago County 404 Elm St. Rockford, Illinois 61101	Copy to:	Chief of Civil Bureau, Winnebago State's Attorney 404 Elm St. Rockford, IL 61101
Rockford Park District:	Board Chair Webbs Norman Center 401 S. Main Street Rockford, IL 61101	Copy to:	Executive Director Webbs Norman Center 401 S. Main Street Rockford, IL 61101

Written notices to other Participants shall be as specified by each such Participant in its adopting resolution or ordinance.

**XI. MISCELLANEOUS**

- A. This Agreement is binding upon and shall inure to the benefit of the successors of the parties.
- B. This Agreement is not assignable.

- C. The invalidity of any provision of this Agreement shall not render invalid any other provision. In the event a court of competent jurisdiction declares, finds, or rules that a provision of this Agreement is invalid or unenforceable, such provision shall be severed and the remaining provisions shall remain in full force and effect subject to the provisions of section XII.
- D. Failure of a party to insist upon strict and prompt performance of the terms, conditions, covenants and agreements herein contained shall not constitute nor be construed as a waiver or relinquishment of rights to enforce any such term, condition, covenant or agreement and the same shall condition in full force and effect. In the event of a waiver of a breach or default of any term, condition, covenant or agreement, such shall not serve to waive any additional or future breach or default.
- E. This Agreement shall be governed, interpreted and construed in accordance with the laws of the State of Illinois.
- F. This Agreement contains the entire and integrated agreement of the parties and shall supersede any prior written or oral agreements or understandings.
- G. This Agreement may only be altered or amended in manner specified herein, or by the express written consent and agreement of the parties.
- H. This Agreement shall not serve to limit nor restrict the ability and authority of the Board of Education of Rockford School District No. 205, nor the City Council of the City nor the Winnebago Count Board, nor the governing board of any Participant from making, adopting, amending or revising any of its policies and procedures nor serve as an encumbrance on any revenues.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the \_\_\_ day of \_\_\_\_\_, 2026.

Board of Education of the Rockford Public Schools  
 District No. 205, Winnebago and Boone  
 Counties, Illinois

Winnebago County

BY: \_\_\_\_\_

BY: \_\_\_\_\_

City of Rockford Illinois

Rockford Park District

BY: \_\_\_\_\_

BY: \_\_\_\_\_

## **Exhibit A**

### **New Residential Construction Property Tax Refund Program**

#### **Section I. Definitions**

“Participants”, as used herein, shall mean those units of local government which levy and collect real property taxes and whose boundaries lie within or partially within the boundaries of the City of Rockford Illinois and which entity has adopted, in accordance with law and their respective rules of procedure, the intergovernmental Agreement to which this Exhibit A is attached;

“Program” shall mean the New Residential Construction Property Tax Refund Program as set forth herein and the corresponding Intergovernmental Agreement executed among the Participants.

“Program Administrator” as used in this Agreement shall mean the City of Rockford, Illinois.

#### **Section II. Property Tax Refund for New Residential Construction**

Participants shall refund the Participant’s property taxes levied on newly constructed single-family residential home to an owner that occupies the home as their Principal Residence as provided in the Program or the owner of newly constructed multi-family residential development (whichever is applicable) if the Program Administrator finds that the owner of the has complied with the terms of the Program and is entitled to such refund. The Program and benefits are contingent upon the IGA and the Program being enacted by the City of Rockford, the County of Winnebago and the Rockford Public School District 205 (the Governing Bodies).

#### **Section III. Program Administrator**

The City of Rockford shall be the Program Administrator, in accordance with the terms and conditions of the Program, and shall be responsible for the development and use of such forms and documents as may be necessary to qualify properties and owners for refunds, determine qualified properties and owners, notify Participants of the total amount of refunds due for qualified properties and owners, and distribute Participant refunds to owners in accordance with the Program.

#### **Section IV. Program Eligibility Requirement**

##### **A. Single-Family Homes.**

Refunds shall be approved for New Construction for single-family homes where:

1. The applicant for the refund is the owner of a newly constructed single-family dwelling that is:
  - a. Owner occupied

- b. located within the corporate limits of the City of Rockford; and
  - c. is within the boundaries of the Rockford School District 205; and
  - d. is within the boundaries of the County of Winnebago; and
  - e. is located on a lot or in a subdivision that was platted prior to January 1, 2024.
2. The permit for the construction of the house was issued on or after January 1, 2026 (Or alternative date determined by the Governing Bodies) and before December 31, 2026.
  3. An occupancy permit is issued no later than 12 months after issuance of the building permit for construction or December 31, 2027 (whichever comes first).
  4. There are no open Code violations against the applicant or the property from any unit of local government. The applicant is not delinquent in the payment of any property tax imposed within Winnebago County or on any financial obligation of any kind owed to the city.
  5. The applicant is the owner of the property;
  6. There is no challenge to the assessed value of the property or to the amount of taxes owed or paid.
  7. The applicant provides a written acknowledgement that the applicant shall have the sole responsibility (when applicable) for reporting any rebate to the IRS as part of their annual income tax filing.
  8. Property Tax Rebate shall not be eligible for new construction projects that have a development agreement, funding agreement or cost participation on the project with the City or if the construction project is eligible for State or Federal programs.

**B. Multi-Family Dwellings**

Refunds shall be approved for New Construction for multi-family developments where:

1. The applicant for the refund is the owner of a newly constructed multi-family dwelling that is:
  - a. located within the corporate limits of the City of Rockford, and
  - b. within the boundaries of the Rockford School District 205; and
  - c. is within the boundaries of the County of Winnebago; and
  - d. is located on a lot or in a subdivision that was platted prior to January 1, 2024.
  - e. does not have an existing development agreement or funding agreement on the development or dwelling with the City.
2. The permit for the construction of the multi-family development was issued on or after January 1, 2026 (Or alternative date determined by the Governing Bodies) and before December 31, 2026.
3. An occupancy permit is issued no later than 12 months after issuance of the building permit for construction or December 31, 2027 (whichever comes first).

4. There are no open Code violations against the applicant or the property from any unit of local government. The applicant is not delinquent in the payment of any property tax imposed within Winnebago County or on any financial obligation of any kind owed to the city.
5. The applicant is the owner of the property;
6. There is no challenge to the assessed value of the property or to the amount of taxes owed or paid.
7. The applicant provides a written acknowledgement that the applicant shall have the sole responsibility (when applicable) for reporting any rebate to the IRS as part of their annual income tax filing.
8. Property Tax Rebate shall not be eligible for new construction projects that have a development agreement, funding agreement or cost participation on the project with the City.

#### **Section V. Refund Amounts**

Upon proof that all requirements have been met, the Participants shall refund property taxes to the eligible applicants, as follows:

- A. One hundred percent (100%) of the Participant property taxes imposed on the real estate in the first full year of completed construction; and
- B. One hundred percent (100%) of the Participant property taxes imposed on the real estate in the second year of completed construction; and
- C. One hundred percent (100%) of the Participant property taxes imposed on the real estate in the third year of completed construction.

#### **Section VI. Additional Program Rules**

- A. It shall be the responsibility of the person applying for the refund to establish by clear and convincing evidence that he or she is eligible for the refund requested. The applicant shall submit a verified application for the refund to the City of Rockford Finance Director.

A new application shall be made for every year for which a refund is sought. Said application shall be filed on or after June 1 and before September 30 in the year in which a refund is due. The Finance Director may request any form of documentation or information she believes may assist her in her determination that the applicant for abatement is entitled thereto, and the failure of any applicant to supply such information in a timely manner when requested shall constitute a withdrawal of the application.

- B. Enrollment of an eligible property shall be on such forms as the Finance Director may prescribe. Said forms shall be completed and submitted to the Finance Director no later than January 31, 2027. Compliance of conditions which occur after the January 31, 2027 may be required to be entitled to a refund.

- C. If the City of Rockford Finance Director is satisfied that the applicant for a refund under the Program is entitled to receive the refund, such Finance Director advise each Participant of the amount of refund for approval of each Participant which shall authorize the refund if it finds the requirements of the Program and the IGA have been met and shall authorize disbursement of the refund amount to the City of Rockford for distribution to the qualified home owners.
- D. If the Participant approves an application for refund, the applicant shall have paid the full amount of taxes imposed as if there were to be no refund. Upon proof of that payment to the Finance Director, the Finance Director shall then refund to the owner the authorized refund.