



Enterprise Zone Incentives

Purpose: Federal / state program designed to stimulate economic growth and community revitalization at the local level. Operating companies are qualified for the following incentives:

Investment Tax Credit

The investment tax credit allows a .5% credit against the state income tax for investments in qualified property which is placed in service in an enterprise zone. The credit may be taken by corporations, trusts, estates, individuals, partners and Subchapter S Shareholders who make investments in qualified property and who otherwise meet the terms and conditions as established by state statute.

To qualify, a property must be newly built or have an improvement or addition made to it on or after the date the zone was designated.

Sales Tax Deduction

The cost of building materials that will be incorporated into real estate as part of a building project may be deducted from the sale receipts when calculating the tax imposed for these materials.

To receive these deductions, the purchaser must ask the retailer for corporation in this incentive (retailer is under no obligation, although participation does not cost the retailer any money) and have a Certificate of Eligibility for Sales Tax Exemption. This Certificate is obtained from the State of Illinois with assistance from the local Enterprise Zone Administrator.

For additional information, consult this link to the Illinois Department of Revenue bulletin outlining the process for receiving the building material sales tax exemption:

<http://www.revenue.state.il.us/Publications/Bulletins/2013/FY-2013-16.pdf>

EZ Machinery and Equipment Sales Tax Incentive

A company in an enterprise zone may be able to receive a 6.25% sales tax exemption on all tangible property that is used or consumed within an enterprise zone in the process of manufacturing.

To be eligible for this incentive, the company must either: Invest not less than \$5 million and create 200 full time jobs in Illinois; Invest not less than \$40 million and retain a minimum of 2,000 full time jobs; or invest not less than \$40 million and retain 90% of existing jobs when moving into the enterprise zone. The items and materials may be purchased anywhere in Illinois.

Utility Tax Exemption

A company in an enterprise zone may be eligible for a 5% state tax exemption on gas, electricity, Illinois Comerica Commission .1% administrative charge, and the excise taxes on originating telecommunications.

To be eligible for these benefits, the company must meet one of three conditions: The business must make an investment of at least \$5 million into the enterprise zone and create a minimum of 200 full time jobs, or retain 1,000 full time jobs; make an investment of \$175 million into the zone and create a minimum of 150 full time jobs; or make an investment of at least \$20 million and retain at least 1,000 full time jobs when moving into the zone.

Jobs Tax Credit

A tax credit of \$500.00 per qualified employee may be given to an enterprise zone company that hires individuals who are certified as economically disadvantaged or as dislocated workers. These workers must be found through the local administrative office of the Workforce Investment Act. The Workforce Development Board is located at 1 Genesee Street, 1st Floor, Waukegan, Illinois, 60085 and can be reached at 847-377-2234.

Property Tax Incentives:

Within the City of North Chicago, a company in an enterprise one may be eligible to for an abatement of the city portion of the tax bill relative to any increase in taxes attributable to the new construction or improvements.

This incentive is limited to industrial projects. Initially, the abatement is ten years and a 50% abatement of the City portion of the tax bill attributable to the new construction or improvements. This abatement may be increased to 100% of the City portion of the tax bill attributable to new construction or improvements provided 20 or more full time jobs are created.

For more information regarding State Enterprise Zone Incentives, please contact:
Illinois Department of Commerce & Economic Opportunity
Office of Business Development
500 East Monroe
Springfield, Illinois 62701
Phone: 217.524.0165

For more information concerning the North Chicago/Waukegan Enterprise Zone, please contact:

City of North Chicago
Frank Koehler, Interim Economic and Community Development Director
847.596.8670
frakoe@northchicago.org

City of Waukegan
Russ Tomlin, Director of Planning
847.625.6879

Last Updated September 2016