

Enterprise Zone Benefits

STATE INCENTIVES

The Illinois Enterprise Zone Program offers numerous state incentives to encourage companies to locate or expand in enterprise zones. Currently, the following incentives are available.

Tax Exemptions

Sales Tax Exemption – A 6.25 percent state sales tax exemption is permitted on building materials to be used in an enterprise zone. The materials must be purchased from a place of business that is located in Illinois.

Enterprise Zone Machinery and Equipment/Pollution Control Facilities

Sales Tax Exemption – A 6.25 percent state sales tax exemption is available on purchases of tangible personal property to be used or consumed in the manufacturing or assembly process or in the operation of a pollution control facility within an enterprise zone. Eligibility for this exemption is contingent upon a business making a \$5 million investment which causes the creation of 200 full-time equivalent jobs in Illinois, or an investment of \$40 million for retention of 2,000 full-time jobs in Illinois, or an investment of \$40 million which causes the retention of at least 90% of the jobs in place on the date on which the exemption is granted for the duration of the exemption. The majority of the jobs created or retained must be located in the enterprise zone in which the investment occurs. A business must make application to and be certified by DCEO for this exemption. DCEO also has the authority to determine the length of the exemption. This exemption shall not be allowed beyond the term of the certified Enterprise Zone.

The exemption is applicable to the following:

- Hand tools used to maintain, repair or operate machinery and equipment;
- Abrasives, acids, polishing compounds or lubricants used or consumed in the manufacturing or assembly process;
- Coolants, adhesives, solvents or cleaning compounds used to maintain, repair or operate machinery and equipment;
- Manufacturing fuels;
- Protective clothing and safety equipment; and
- Fuels, chemicals and catalysts used in the operation of pollution control facilities.

Enterprise Zone Utility Tax Exemption – A state utility tax exemption on gas, electricity and the Illinois Commerce Commission's administrative charge and telecommunication excise tax is available to businesses located in enterprise zones. Eligibility for this exemption is contingent upon a business making a \$5 million investment which causes the creation of 200 full-time equivalent jobs in

Illinois, or an investment of \$20 million for the retention of 1,000 full-time jobs in Illinois. The majority of the jobs created or retained must be located in the enterprise zone in which the investment occurs.

A business must make application to and be certified by DCEO for the state utility tax exemption. DCEO also has the authority to determine the term of the exemption, not to exceed 20 years, and the percentage of the exemption. Local units of government may further exempt their public utility taxes on gas, electricity and water for eligible businesses.

Tax Credits

Enterprise Zone Investment Tax Credit –A state investment tax credit of 0.5 percent is allowed a taxpayer who invests in qualified property in a zone. Qualified property includes machinery, equipment and buildings. The credit may be carried forward for up to five years. This credit is in addition to the regular 0.5 percent investment tax credit, which is available throughout the state, as well as a 0.5 percent credit for businesses that increase their employment in Illinois by 1 percent over the preceding year.

Jobs Tax Credit – The Enterprise Zone Jobs Tax Credit allows a business a \$500 credit on Illinois income taxes for each job created in the zone for which a certified dislocated worker or economically disadvantaged individual is hired. The credit may be carried forward for up to five years. A minimum of five eligible employees must be hired to qualify for the credit.

Income Tax Deductions

Dividend Income Deduction – Individuals, corporations, trusts and estates are not taxed on dividend income from corporations doing substantially all their business in a zone.

Interest Deduction – Financial institutions are not taxed on the interest received on loans for development within an enterprise zone.

Contribution Deduction – Businesses may deduct, from taxable income, double the value of a cash or in-kind contribution to an approved project of a designated zone organization.

LOCAL INCENTIVES

Local governments may provide a variety of local incentives to further encourage economic growth and investment in enterprise zones. The incentives offered are determined by the local governments. The Lawrence County/Lawrenceville/Bridgeport/Sumner Enterprise Zone has authorized the following local incentives:

Real Estate Tax Abatement –

- Industrial properties – 10 year graduated abatement
- Commercial properties – 5 year graduated abatement
- New, single-family residential properties – 5 year graduated abatement

Sales Tax Exemptions – Of the 6.25% state sales tax exemption, 1.25% is the county and municipalities share. This exemption is another example of our willingness to give up needed funds to encourage new businesses and industries to build in our county.

Business Licenses and Permit Fees – These are all waived in our Zone.

Building Code and Zoning Requirements – Our codes and building requirements are few. And, the ones that are required are streamlined and approved to match a companies time requirements.

Local Financing Programs – Lawrence County has seven (7) financial institutions and two (2) local revolving loan fund programs that are willing to help with any financial needs.

During the past fourteen (14) years, the Lawrence County Enterprise Zone has helped influence individuals, businesses and companies to invest over 90 million dollars in our county. Because of this, 850 new jobs have been created and more than 200 jobs were retained because of our Enterprise Zone Program. As you can see, our Enterprise Zone Program has had a very positive effect on our county. It can help your business, too!

FOR INFORMATION ON THE ILLINOIS ENTERPRISE ZONE PROGRAM CONTACT:

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