

Commercial Enterprise Zone Application Packet

The Enterprise Zone is a cooperative effort
between the City and County of Champaign



City of Champaign
102 N. Neil St
Champaign, IL 61820
217/ 403-8710
EnterpriseZone@ci.champaign.il.us



Champaign County
1776 E. Washington
Urbana, IL 61801
217 / 328-3313
klarson@ccrpc.org

CITY OF CHAMPAIGN-CHAMPAIGN COUNTY ENTERPRISE ZONE

In July of 1986, the State of Illinois certified the establishment of the City of Champaign-Champaign County Enterprise Zone. The Zone is the result of legislative action which has committed the State to stimulating economic growth and neighborhood revitalization. The Enterprise Zone is the culmination of efforts put forth by the City of Champaign and Champaign County to encourage private investment in areas targeted for development, redevelopment or rehabilitation.

Upon approval of the Enterprise Zone application, the applicant will receive a letter of certification and become eligible for certain property and sales tax abatements. Additionally, the State of Illinois may allow for a variety of tax exemptions, tax credits and deductions, and business financing alternatives.

This packet provides general information regarding the Enterprise Zone and assistance in completing the application. Definitions, a map of the Enterprise Zone, and persons to contact for assistance are also provided. A copy of the local ordinance may also be found from the City's website at <http://www.ci.champaign.il.us> and by linking to the Municipal Code/Enterprise Zone <http://www.municode.com/resources/gateway.asp?pid=10520&sid=13>.

ELIGIBILITY CRITERIA

To be eligible for incentives, three basic criteria must be met: location, timing, and project definition.

Location - A project must be located within the area designated as the City of Champaign-Champaign County Enterprise Zone. The Zone encompasses approximately 9.5 square miles of land in and around the City of Champaign. To determine whether a project site is located within the Zone, refer to the attached map or contact the City Manager's Office at 217-403-8710. Projects within a Tax Increment Finance (TIF) District are not eligible for property tax abatements. These projects may still qualify for sales tax abatement and other State incentives.

Project Timing - For eligible projects, applications **must** be submitted with building-related permit applications prior to any site preparation, site improvements or construction of any buildings.

Project Definition - In order to qualify as a commercial project, the primary use of the land and building must be of a professional service nature. Professional services are those services rendered in an office such as legal, accounting, architectural, engineering, research and development or medical services. The term does not include retail projects, personal services, restaurants or auto repair. (See definitions for more detail.)

INCENTIVES FOR DEVELOPMENT

The following Enterprise Zone incentives pertain to commercial (professional service) projects:

LOCAL INCENTIVES

Real Estate Tax Abatement - Upon completion of improvements to the property and reassessment by the Township Assessor, the City and County will abate 100% of the taxes on the increase in assessment resulting from the improvement. The abatement is for a 5 year period, beginning with the tax year in which the total new assessment is in effect. Properties located within a Tax Increment Finance (TIF) District are not eligible for property tax abatement. (Note: Due to the lapse in time between building permits being issued and the complete assessment being in place it may be 1 to 3 years before this abatement first appears on the tax bill).

Sample Property Tax Abatement Calculation:

1. Value of Improvement	\$100,000
2. Equalized Assessed Value (#1 x .33)	\$ 33,000
3. Total 2007 Tax Rate (payable 2008)	\$ 7.3491
4. Total Tax Bill (EAV/100 x Tax Rate)	\$ 2,425
5. City, County Rates (1.2659 + 0.7616)	\$ 2.0275
6. Tax Abatement (EAV/100) x #5)	\$ 669
7. Tax Bill after the abatement	\$ 1,756

Sales Tax Exemption - In order to receive the sales tax exemption, the purchaser must comply with the following:

1. Apply to the City of Champaign Zone Administrator for Enterprise Zone incentives. If the Zone Administrator determines that the project meets the criteria, the applicant will receive a "Certificate of Eligibility".
2. Only building materials purchased within the State of Illinois through a legitimate building materials retailer or distributor are subject to the sales tax exemption.
3. The materials purchased must be permanently affixed to the real estate.
4. To receive the sales tax exemption the purchaser must present a valid "Certificate of Eligibility" and complete a purchaser's statement. The retailer should keep the purchaser's statement for their file.

Building materials installed by the retailer making the sale are not eligible for this incentive, unless the retailer's supplier is located in the State of Illinois. For further information contact the Illinois Department of Revenue.

STATE INCENTIVES (These incentives may or may not apply depending upon the nature of the proposed project)

Investment Tax Credit - The State Enterprise Zone Act allows one-half (.5) percent credit against the state income tax for investments in qualified property which is placed in service in an Enterprise Zone. This is in addition to the existing one-half (.5) percent investment tax credit allowed state-wide against the personal property replacement corporate income tax.

Jobs Tax Credit - The Enterprise Zone Jobs Tax Credit offers employers a tax credit on Illinois income taxes for hiring individuals who are certified as dislocated or economically disadvantaged workers. The credit is available for eligible employees hired on or after January 1, 1986. An employer who conducts a business in the Enterprise Zone is allowed a credit of \$500 per eligible employee hired to work in a Zone during the taxable year. To qualify, a minimum of five eligible employees must be hired during the taxable year, and the taxpayer's total employment within the zone must increase by five or more full-time employees beyond the total employed in the Zone at the end of the previous tax year for which a Job Tax Credit was taken, or beyond the total employed as of December 31, 1985, whichever is later.

Income Tax Deduction for Financial Institutions - Financial institutions in Illinois, such as banks and savings and loan institutions, are eligible for a special deduction from their Illinois corporate income tax return. Such institutions may deduct from their taxable income an amount equal to the interest received from a loan for development in the Zone. This is limited to the interest earned on loans or portions of loans secured by property which is eligible for the Enterprise Zone Investment Tax Credit.

Dividend Deduction - Taxpayers may deduct from their taxable income an amount equal to those dividends which were paid to them by a corporation which conducts substantially all of its operations in an Enterprise Zone. Eligible taxpayers include individuals, corporations, partnerships, trusts and estates.

Corporate Contribution Deduction - Corporations may make donations to Designated Zone Organizations for projects approved by the Illinois Department of Commerce and Economic Opportunity (DCEO) and claim an income tax deduction at double the value of the contribution; to the extent that the contribution qualifies as a charitable contribution under the Internal Revenue Code, and DCEO approves the amount and type of contribution which may be claimed as a deduction.

Machinery and Equipment Exemption - For a business making an investment in the Enterprise Zone which either creates a minimum of 200 full-time equivalent jobs or retains a minimum of 2,000 jobs, a 5 percent state sales tax exemption is available on a) repair and replacement parts for machinery and equipment used in the manufacturing or assembling of goods for wholesale, retail, or lease; b) equipment; c) manufacturing fuels; and d) materials or supplies for operation, repair, or maintenance of the above mentioned equipment. The business must be certified as eligible by DCEO, and the materials purchased must be consumed or used in the Enterprise Zone in the process of manufacturing or assembling of goods for primarily wholesale or retail use.

Utility Tax Exemption - For a business certified by DCEO as making an investment in the Enterprise Zone that creates a minimum of 200 full-time equivalent jobs or retains a minimum of 1,000 full-time jobs, a state tax exemption is available on gas, electricity, messages, and the Illinois Commerce Commission's .08 percent administrative charge.

Pollution Control Facilities Exemption - For a business certified by DCEO as making an investment in the Enterprise Zone that creates a minimum of 200 full-time jobs or retains a minimum of 2,000 full-time jobs, a five percent state sales tax exemption is available on tangible personal property (e.g., machinery, equipment, supplies, etc.) used or consumed in the operation of pollution control facilities.

ENTERPRISE ZONE ADMINISTRATION

The Champaign City Council, the Champaign County Board, the Enterprise Zone Administrator and the Deputy Zone Administrator, or their designees, are responsible for the successful administration of the policies and incentives of the Enterprise Zone. The City Council and the County Board establish procedures for the operation and management of the Zone, as well as hearing appeals and making final decisions. Projects located within the City of Champaign are reviewed by the Zone Administrator or designee; properties located within unincorporated areas of Champaign County are reviewed by the Deputy Zone Administrator or designee.

APPEALS PROCESS

Any applicant may seek relief from decisions or determinations of the Zone Administrator through an appeal to the governing body with jurisdiction. The governing body with jurisdiction will review the facts associated with the grievance and arrive at a determination based upon its review of the case.

VIOLATIONS AND PENALTIES

No person shall knowingly misrepresent facts in order to receive tax abatement or any other incentives provided for in the Enterprise Zone Ordinance, nor present a Certificate of Eligibility for purposes of purchasing building materials to be used on any premises other than that for which the Certificate was issued. Any representation affecting the determination of project eligibility or the determination of the percentage tax abatement shall be accurate.

In addition to other penalties provided for by law, an initial determination of any alleged violation will be made by the Zone Administrator or designee who will notify the property owner of the alleged violation by certified mail at least fifteen (15) days before any further action is taken. The property owner may, within fifteen (15) days after receipt of the notification, submit a written appeal for review by the governing body of the jurisdiction within which such alleged violation is located. Such written appeal must be submitted to the Zone Administrator or Deputy Zone Administrator. If the alleged violator fails to appeal the initial determination of violation or if the determination is upheld by the governing body having jurisdiction, the alleged violator will be subject to the following administrative penalties: a) the revocation of any tax abatements provided under the terms of the Zone Ordinance and retroactive collection of all taxes due on the property from the date on which the abatement became effective along with interest equal to that which would otherwise be assessed on delinquent property tax payments for the period in which the abatement was in effect; b) revocation of any Certificate of Eligibility issued in connection with any project involved in the violation; and c) loss of eligibility of the subject property for any other incentive or targeted program provided for in the Enterprise Zone Ordinance.

DEFINITIONS	
Building Materials Retailer and/or Distributor	Any firm selling building materials that can be incorporated into real estate and possessing a tax number for resale from the Illinois Department of Revenue.
Expansion	The construction of any part of a building that results in an increase in any exterior dimension of an existing building and has at least one wall or floor in common with an existing building.
Full-Time Employee	An employee who is hired for a period of indefinite continuous duration who receives full employment benefits and who regularly works not less than thirty-five (35) hours within a period of seven (7) consecutive days.
Full-Time Equivalent (FTE)	A unit of measure used to represent those employees hired for a period of indefinite continuous duration and who are regularly scheduled to work less than thirty-five (35) hours per week and whose total amount of hours worked equal 2,080 annually.
Personal Service Projects	Those projects where the primary use of the project land and building(s) is the provision of frequent or recurrent needed services of a personal nature. Typical uses include, but are not limited to, beauty and barber shops, shoes repair shops, tailor shops, auto repair shops, laundromats, dry cleaners, and amusement uses.
Primary Use	That use which occupies at least fifty-one percent (51%) of the floor area or site area devoted to the conduct of that business use <u>and</u> which accounts for at least fifty-one percent (51%) of the <u>gross</u> annual income of that business use.
Professional Service Projects	Those projects where the primary use of the project land and building(s) is the provision of a professional service in an office such as an office out of which accounting, legal, architectural, engineering, or medical services is rendered. The term does not include retail projects or personal service shops such as beautician, auto repair, laundry, dry cleaning, amusement, or photography establishments.
Rehabilitation	The improvement of any part of an existing building that does not result in an increase in any exterior dimension of the building.
Retail Projects	Those projects where the primary use of the project land and building(s) is the sale of goods for delivery on or from the premises to the ultimate customer. If twenty percent (20%) or more of the annual dollar volume of the sales made from a business is subject to the Illinois Retailer's Occupation Tax, the business shall be considered retail. Restaurants shall be considered retail projects.

For Additional Information:

Applications and Local
Incentives/
Enterprise Zone Administrator:

Teri Legner
City Manager's Office
102 North Neil Street
Champaign, IL 61820
(217) 403-8710

Deputy Enterprise
Zone Administrator:

Kathy Larson
Champaign County Regional Planning Commission
1776 East Washington
Urbana, IL 61802
(217) 328-3313

State Incentives:

Mark Gauss
Illinois Department of Commerce & Economic Opportunity
620 East Adams
Springfield, IL 62701
(217) 524-4145

Additional copies of Enterprise Zone packets may be found on line at the City's website at www.ci.champaign.il.us.

**CITY OF CHAMPAIGN - CHAMPAIGN COUNTY ENTERPRISE ZONE
COMMERCIAL PROJECT APPLICATION FORM**

INSTRUCTIONS:

1. SUBMIT APPLICATIONS TO THE CITY OF CHAMPAIGN, BUILDING SAFETY DIVISION, 307 SOUTH RANDOLPH, CHAMPAIGN.
2. TO RECEIVE ENTERPRISE ZONE BENEFITS, SUBMIT COMPLETED ENTERPRISE ZONE AND BUILDING-RELATED PERMIT APPLICATIONS AT THE SAME TIME.
3. ENTERPRISE ZONE CERTIFICATE OF ELIGIBILITY WILL BE MAILED OUT AFTER BUILDING-RELATED PERMITS ARE ISSUED.

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Questions concerning this application should be directed to:

Teri Legner  
City Manager's Office  
102 North Neil Street  
Champaign, IL 61820  
(217) 403-8710  
[teri.legner@ci.champaign.il.us](mailto:teri.legner@ci.champaign.il.us)

**CITY OF CHAMPAIGN - CHAMPAIGN COUNTY ENTERPRISE ZONE  
COMMERCIAL PROJECT APPLICATION FORM**

**PROJECT INFORMATION**

1. Name of Project: \_\_\_\_\_

2. Project Address: \_\_\_\_\_, Champaign, IL

3. Property Tax I.D. Number: \_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_

(May be obtained from last year's real estate tax bill. If a tax bill is not available, contact:  
Champaign County Supervisor of Assessments, 201 E. Main, Urbana, IL 61801, 217-384-3760.)

4. Name of Property Owner: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

5. Contact Person: (if different from owner)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

6. General Description of Project:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. Type of Construction:

(Check all appropriate classifications; refer to Definitions on page 7.)

Expansion of existing building

Construction of new structure

8. Estimated Cost of:

Site \$ \_\_\_\_\_

Capital Equipment \$ \_\_\_\_\_

New Construction \$ \_\_\_\_\_

Expansion \$ \_\_\_\_\_

Total \$ \_\_\_\_\_

9. Full-Time or Full-Time Equivalent (FTE) Job Generation:  
(refer to Definitions on page 7)

- Number of New Full-Time or FTE Jobs to be Created Within 24 months of Project Occupancy as a Result of New Investment (do not include current employees or construction-related workers) \_\_\_\_\_

- Number of Full-Time or FTE Jobs to be Retained as a Result of New Investment, i.e. jobs otherwise lost without new investment (include newspaper articles, letters or other documentation to support this number) \_\_\_\_\_

10. Expected Starting Date of Construction: \_\_\_\_\_

Date of Occupancy: \_\_\_\_\_

11. Does This Project Involve a Move from Another Location Within Champaign County?

Yes  No

If Yes, State Previous Address: \_\_\_\_\_

12. Federal Employer's Identification Number \_\_\_\_\_

13. Unemployment Insurance Number \_\_\_\_\_

**AFFIDAVIT**

I hereby declare that I have reviewed the above and that the information provided is true and accurate to the best of my knowledge.

\_\_\_\_\_  
Property Owner or Authorized Agent

\_\_\_\_\_  
Date

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CITY USE ONLY

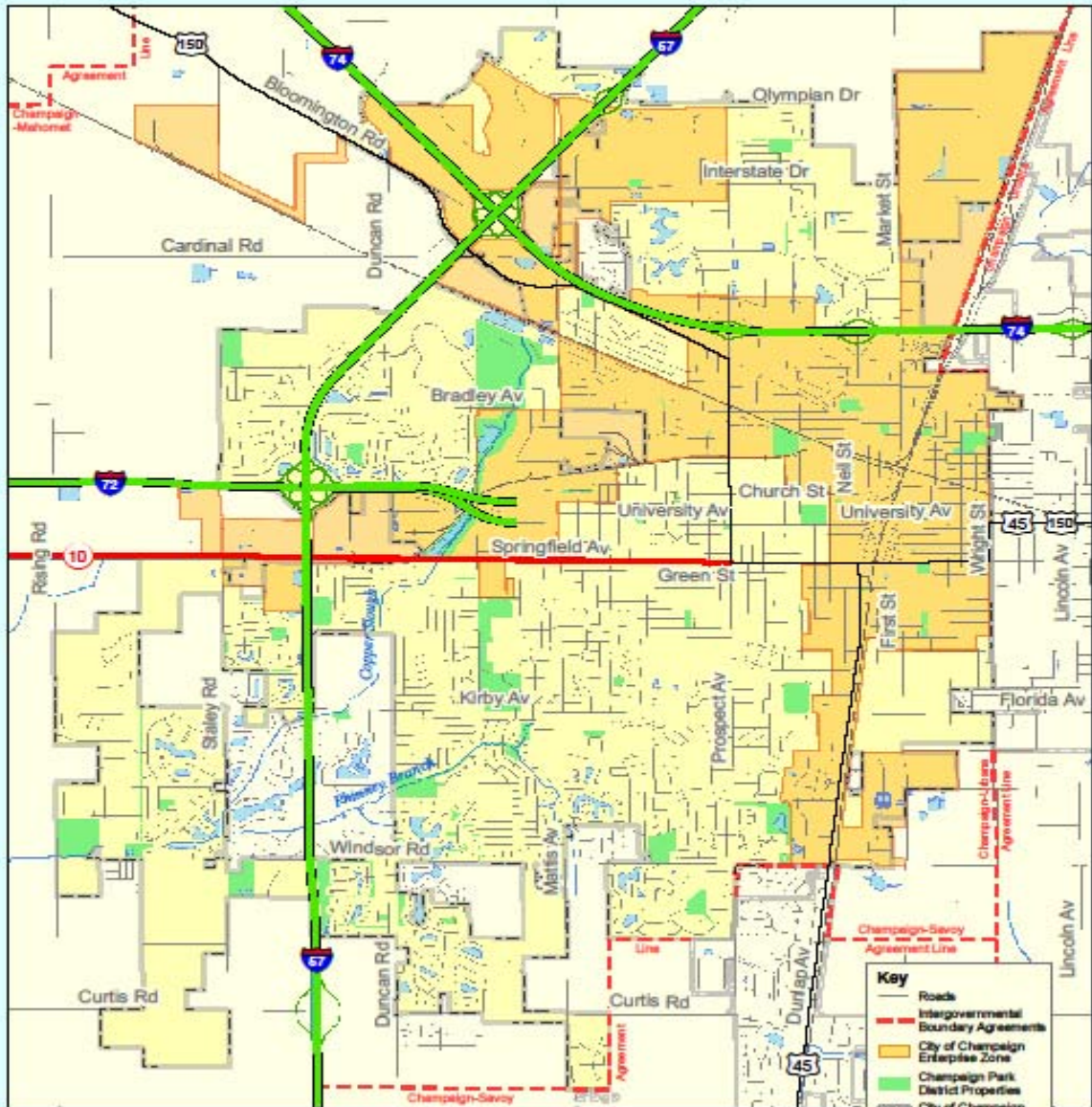
Received by: _____

Date: _____

Please be advised of the following amendment to the Illinois Enterprise Zone Act:

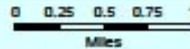
Section 1. The Illinois Enterprise Zone Act is amended by adding Section 11.1 as follows:

11.1 Any business located within the Enterprise Zone which has received tax credits or exemptions, regulatory relief or any other benefits under this Act shall notify the Department [of Commerce and Economic Opportunity] and the County and municipal officials in which the Enterprise Zone is located within 60 days of the cessation of any business operations conducted within the Enterprise Zone.



DISCLAIMER:

This map was prepared by the City of Champaign IT Department using the City of Champaign Geographic Information System (GIS). All information is believed accurate but is NOT guaranteed to be without error. This map and its underlying data is intended to be used as a general index to land related information and is not intended for detailed, site-specific analysis.



Map Temporal Status Date: 10/21/08



Key	
	Roads
	Intergovernmental Boundary Agreements
	City of Champaign Enterprise Zone
	Champaign Park District Properties
	City of Champaign Municipal Boundary
	Other Municipal Boundaries

Multiple geo-data layers provided by the Champaign County GIS Consortium