

# Enterprise Zone

The Illinois Enterprise Zone Program is designed to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state through state and local tax incentives, regulatory relief and improved governmental services.

A wide range of financial incentives are available to businesses that expand or locate in the Southern Tazewell Enterprise Zone. Pekin's Enterprise Zone is part of a broader zone jointly created by the City of East Peoria, Village of Morton, the Village of Tremont, Tazewell County and the Illinois Department of Commerce and Economic Opportunity in 2016. The Southern Tazewell Enterprise Zone is shown on the attached map.

[Enterprise Zone Project Application](#)  
[Enterprise Zone Map](#)

## Enterprise Zone Incentives

### **1. Abatement of Property Tax on New Improvements**

Property tax on real estate improvements that raise a commercial, industrial or manufacturing property's fair market value is abated at 100% of property tax on the new improvement is abated for the first five (5) years after project comple.

Property tax abatements apply to building renovations, expansions and construction of new buildings. The property tax abatement provisions do not exempt owners of property in the Enterprise Zone from property tax altogether. The program abates property tax on new improvements, but not abate the tax paid on existing buildings and land. Abatement on an individual property is also limited to the amount of tax attributable to eligible improvements on the property. Property tax abatement through the Enterprise Zone does not "freeze" an owner's property tax. The tax due on a property during the ten-year abatement schedule will fluctuate based on reassessment and changes in the tax rate.

## **Property Tax Definitions**

Fair Market Value: the amount a willing buyer would pay a willing seller for a given piece of real estate. The fair market value is determined by the Township Tax Assessor to establish the assessed value.

Assessed Value: One-third of a property's fair market value. The total assessed value for a given property has two components--the value of land and the value of improvements.

Improvement: A building or other structure else attached to land which cannot be readily removed.

Tax Rate: The formula applied to assessed value to determine the property tax due for a property. The tax rate is often expressed as "\$8.64 per \$100 of assessed value".

## **2. Deduction of Sales Tax for Building Materials**

100 % of sales tax on materials used for construction or renovation of buildings in the Enterprise Zone can be deducted at the time of purchase. This provision applies to commercial or industrial construction.

The sales tax deduction applies to items that are permanently affixed to real property, such as lumber, mortar, glued-down carpets, paint, wallpaper and similar affixed items. As a rule of thumb, sales tax on any building materials that would remain with the property if the property were sold is eligible for the deduction.

The deduction does not apply to materials purchased for routine maintenance, repair or upkeep of the property.

The sales tax deduction includes both the local and state portion of sales tax. Any retailer who pays Illinois sales tax can deduct the sales tax, so long as the purchaser provides the retailer with a Certificate of Eligibility for Sales Tax

Exemption, which is issued by the City's building inspector.

### **3. Waiver of Building Permit Fees**

City building permit fees on any renovation, expansion or new construction project within the Enterprise Zone are waived. This waiver of fees applies to building, plumbing, electrical, demolition, and zoning certificate fees for permits issued for rehabilitation, expansion or new construction.

Fees charged for permits issued for normal repair or replacement of electrical, plumbing or mechanical systems are not waived. Filing fees for rezoning or special use applications are not waived.

### **4. Enterprise Zone Fees**

Pursuant to Illinois Public Act 97-905, Enterprise Zones are permitted to collect fees for sales tax abatement certificates that are issued to project applicants within designated enterprise zones. The Southern Tazewell Enterprise Zone charges a fee of (.5%) of the value of building materials, not to exceed \$50,000.00 per project. Fees must be paid to the Enterprise Zone Administrator prior to the release of sales tax abatement certificates.

### **5. State of Illinois Tax Incentives**

There are a number of state tax incentives for investment in an Illinois enterprise zone. These incentives are related to income, utility, and sales taxes. The programs are listed below. Detailed information on each program is available from the City of Pekin, Greater Peoria Economic Development Corporation or the Illinois Department of Commerce and Economic Opportunity (see contacts listed below).

- Enterprise Zone Investment Tax Credit
- Corporate Contribution Deductions
- Income Tax Deduction for Financial Institutions

- Manufacturing Machinery and Equipment Sales Tax Exemption
- State Utility Tax Exemption

**Enterprise Zone Questions & Answers**

Q. Do I have to apply for Enterprise Zone benefits?

A. To take advantage of the benefits, an owner or developer of property within the Enterprise Zone must simply obtain a building permit (the fee for which is waived) and a “certificate of eligibility” from the City of Pekin’s Economic Development Department.

Q. Can the boundaries of the Zone be changed to include my property?

A. There are detailed procedures to amend the boundaries of the Enterprise Zone. The Zone may be extended to incorporate a property if a specific improvement to the property is being considered. Contact the City of Pekin or for detailed information.

## Questions about Pekin’s Enterprise Zone?

<p>Mark Rothert Interim City Manager City of Pekin 111 S. Capitol Street Pekin, Illinois 61554 Phone: 309-478-5371 email: <a href="mailto:mrothert@ci.pekin.il.us">mrothert@ci.pekin.il.us</a></p>	<p>Illinois Dept. of Commerce &amp; Economic Opportunity (DCEO) Office of Business Development 500 East Monroe Springfield, Illinois 62701 Phone: 217-524-0165 TTY: 800-785-6055 email: <a href="mailto:Ben.Denney@illinois.gov">Ben.Denney@illinois.gov</a></p>
--	--