



Northwest Illinois Enterprise Zone Incentives

The Enterprise Zone is designed to stimulate economic growth and community revitalization at the local level. Operating companies are qualified for the following incentives.

For more information or to view zone maps, visit the [Northwest Illinois Enterprise Zone](#).

Program Details

<p>Program Description:</p>	<p>Enterprise Zone incentives are established by State legislation and by local ordinance. The Illinois Enterprise Zone Act took effect December 7, 1982. An enterprise zone is a specific area designated by the State of Illinois in cooperation with a local government to receive various incentives and other benefits to stimulate economic activity and neighborhood revitalization. Enterprise zones range from a half square mile to fifteen square miles.</p> <p>The Northwest Illinois Enterprise Zone was certified by the State of Illinois on <u>January 1, 2020</u>. The Northwest Illinois Enterprise Zone termination date has been extended to <u>December 31, 2034</u>.</p> <p>The Enterprise Zone Program is administered at the state level by the Illinois Department of Commerce and Economic Opportunity. For general information on the program, contact the Department at (217) 785-4034 in Springfield. The hearing impaired may call (312) 419-0667 in Chicago or a (217) 785-6055 in Springfield, www.illinois.gov/dceo/.</p>
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**Enterprise
Zone Incentives**

Investment Tax Credit

The Illinois Income Tax Act 35 ILCS 5/201, as amended, allows corporations, trusts, estates, individuals, partners, and Subchapter S shareholders a 0.5 percent credit against their state income tax for investments in qualified property which is placed in service in the Northwest Illinois Enterprise Zone. 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. This credit is in addition to the existing 0.5 percent investment tax credit allowable statewide against their corporate personal property replacement tax.

Sales Tax Exemption

A point-of-sale tax exemption is available on building materials incorporated into real estate in the Northwest Illinois Enterprise Zone. In order to receive this State and local sales tax exemption, building materials must be used for remodeling, rehabilitation or permanent new construction requiring a building permit. A Sales Tax Exemption Form and building permit issued by the City of Freeport, Stephenson County or applicable unit of local government must be submitted to the Enterprise Zone Administrator prior to the start of the

project. The Enterprise Zone Administrator then issues a Certificate of Eligibility for Sales Tax Exemption.

EZ Machinery and Equipment Sales Tax Exemption

A company in an enterprise zone may be able to receive a 6.25% state sales tax exemption on all tangible property which is used or consumed within an enterprise zone in the process of manufacturing. **Eligible businesses** must:

- ☐ Invest in the Enterprise Zone at least \$5 million in qualified property and create a minimum of 200 fulltime-equivalent jobs; or,
- ☐ Invest at least \$40 million in the zone and retain at least 2,000 jobs; or,
- ☐ Invest at least \$40 million in the zone and cause the retention of at least 90 percent of the jobs existing on the date it is certified to receive the exemption.

Utility Tax Exemption

A 5 percent state tax exemption on gas, electricity and the Illinois Commerce Commission's .1 percent administrative charge and excise taxes on the privilege of originating or receiving telecommunication is available to businesses located in Enterprise Zones. **Eligible businesses** must:

- ☐ Invest at least \$5 million in qualified property that creates a minimum of 200 full-time equivalent jobs in Illinois,
- ☐ Invest \$20 million and retain at least 1,000 full-time-equivalent jobs, or,
- ☐ Invest \$175 million and create 150 full-time equivalent jobs in Illinois.
- ☐ The majority of the jobs created must be located in the Enterprise Zone where the investment occurs.
- ☐ Eligible investment may be either: 1) investments in qualified property as defined in the Enterprise Zone Investment Tax Credit; or 2) non-capital and non-routine investments and associated service costs made for the basic construction, renovation, or improvement of qualified property including investments in productive capacity, efficiency, product quality or competitive position.

Open Market Natural Gas Tax Exemption

Companies who are located within the boundaries of the Northwest Illinois Enterprise Zone are entitled to an exemption on the state sales tax for wheeled or open market natural gas transactions resulting from either an expansion or new location within the enterprise zone.

Property Tax Incentives

A company in an enterprise zone that experiences an increase in property taxes due to new improvements or renovations shall have the incremental increase in Equalized Assessed Value abated. This is useful because every time a property is improved it is reassessed, and therefore the taxes

	<p>increase. To be eligible for this incentive, an Enterprise Zone Application along with the building permit issued by the City of Freeport, Stephenson County or applicable unit of local government must be submitted to the Enterprise Zone Administrator <i>prior to the start of the project.</i></p> <p>Building Permit Fees The City of Freeport waives its Building Permit Fee for Qualified Enterprise Zone Projects; although it does charge a Plan Review Fee. Stephenson County does not waive its building permit fees for Qualified Projects in unincorporated Stephenson County.</p>
Eligibility:	Not applicable.
Grant/Loan Amount:	Not applicable.
Loan Term:	Not applicable.
Loan Rate:	Not applicable.
Fees:	0.5% of the cost of building materials associated with an Enterprise Zone Project, not to exceed \$50,000 per project.
Application Process:	View the Application
Job Criteria:	Not applicable.
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