



ENTERPRISE ZONE Q & A

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 tax incentives and other benefits to stimulate economic activity and neighborhood revitalization.

Both State and local incentives are available in an Enterprise Zone. Enterprise Zones are administered at the State level by the Illinois Department of Commerce and Economic Opportunity. In Peoria, it is administered by:

City of Peoria Department of Economic Development
Susan Schlupp, Enterprise Zone Administrator
419 Fulton, Ste 402
Peoria, IL 61602
(309) 494-8640
sschlupp@ci.peoria.il.us

Any project using Enterprise Zone Incentives must comply with the Prevailing Wage Act.

The City of Peoria Enterprise Zone will expire on December 31, 2013. Peoria's Enterprise Zone encompasses 7.92 square miles out of a total of 12 square miles and was certified on July 1, 1983. The Zone, which originally included industrial properties adjacent to the Illinois River, was expanded to include Pioneer Park, Mt. Hawley Park, the West Main Street Corridor, Knoxville corridor and several parcels in the Targeted Growth Area.

Tax incentives and direct financial assistance can be provided to firms locating or expanding in the Zone. The Zone's primary objective is to encourage economic development and to increase employment opportunities.

On page two of this document you will find the application for both an Enterprise Zone Project and the building materials sales tax exemption. **If your project is located within Peoria's Enterprise Zone please complete the application and return to the Department of Economic Development at City Hall. THE STATE OF ILLINOIS REQUIRES THAT VENDORS AND BUSINESSES TAKING ADVANTAGE OF THIS SALES TAX INCENTIVE RETAIN A COPY OF THE SIGNED SALES TAX EXEMPTION FORM FOR THEIR RECORDS IN CASE OF AUDIT.**

The following summarizes the most often asked questions on incentives offered for both the Illinois Enterprise Zone Program in general and the Peoria Enterprise Zone Program in particular.

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City of Peoria
Certification of Eligibility for Sales Tax Exemption
Enterprise Zone Project No. PEZ _____
(Peoria Enterprise Zone No. to be assigned by City Staff)

To The Building Materials Retailer: This certifies that the project below is located within Peoria's Enterprise Zone and is eligible for exemption of the State of Illinois and the local sales taxes on building materials associated with rehabilitation, renovation, and/or new construction for this project. The Enterprise Zone designation extends until December 2013. Once the project is complete and all building materials required for a project have been acquired, the owner and/or the general contractor is no longer eligible for the reduction for that project. Any new project on the same site/premises will require a separate certification by the Zone Administrator.

Please retain a copy of this certification for your records.

Name of Project: _____ **Tax Identification No:** _____

Street Address: _____

Owner's Name: _____ **Phone No.:** _____

Owner's Address: _____

Contractor's Name: _____ **Phone No.:** _____

Estimated Date of Completion: _____ **Cost to Purchase Site:** _____ **Cost of Capital Equipment:** _____

of Jobs Retained Due to Project: _____ **Current # of Employees:** _____ **FTE Jobs Created:** _____
(Take total hours worked by full & part-time employees & divide by 40.)

PROJECT TYPE (check one): **Retail Commercial** _____ **Service Commercial** _____ **Industrial** _____ **ESTIMATED VALUE OF**

CONSTRUCTION (per Contractor's bid): Please attach a list of building materials and estimated quantities to be

acquired: \$ _____ **Purchase Date:** _____

The undersigned purchaser hereby declares that the building materials herein purchased will be physically incorporated as real property exclusively into real estate located within the City of Peoria Enterprise Zone and that this project will comply with the Prevailing Wage Act.

Owner's Signature or Authorized Representative

Relationship of Authorized Representative to Owner

Employer's Federal Identification Number

Unemployment Insurance Number

Owner's Name (Print or Type)

Date

Building Permit No.

Building Permit Value & Date \$ _____

Plumbing Permit No.

Plumbing Permit Value & Date \$ _____

Electrical Permit No.

Electrical Permit Value & Date \$ _____

Heating Permit No.

Heating Permit Value & Date \$ _____

The building project identified in this Certification meets all the requirements for the building material exemption contained in the Peoria Enterprise Zone ordinance.

Zone Administrator: _____ **Date:** _____

Once Completed mail, fax or hand deliver to:

City Hall, 419 Fulton, Ste 403
Peoria, IL 61602
Phone (309) 494-8640
Fax: (309) 494-8650

The Zone Administrator shall provide the general contractor or project manager with one signed copy.

APPLICATION FOR PROPERTY TAX ABATEMENT
WITHIN CITY OF PEORIA ENTERPRISE ZONE

NOTE: This application must be submitted by December 1st in order for the project to be eligible for the following year.

Return completed application to:

Susan Schlupp, EZ Administrator
City of Peoria
Dept. of Economic Development
419 Fulton Street, Rm. 402
Peoria, Illinois 61602
(309) 494-8644

Tax I.D. # _____

IBT # (if applicable) _____

Building Permit # _____

Date Received _____

I/We hereby make application for property tax abatement for real property located within the City of Peoria, Illinois Enterprise Zone, as follows:

1. Name of property owner: _____
Address: _____

Phone No.: _____

2. Address of property for which tax is to be abated: _____

Contact person (if other than owner): _____

Phone No.: _____

3. Is this property owner-occupied? ☐ Yes ☐ No

If "No", name of Lessee _____

Is Lessee required to pay property tax? ☐ Yes ☐ No

4. Name of person or entity who paid last property tax on this property: _____

NOTE: Copy of latest property tax bill must be attached to this application form.

5. Description of new construction/addition/alteration/rehabilitation of existing property: _____

6. Value of above improvements: \$ _____

Expected completion date: _____

Expected number of new jobs: _____

7. City Building Permit # for improvements: _____

Date issued: _____

8. Type of business requesting abatement: _____
4-digit NAICS Code: _____

9. Total leasable area of building: _____ sq. ft. Of this square footage, amount of space leased to NAICS Code-eligible businesses: _____ sq. ft.

I, _____ (*owner of property*), do solemnly affirm that this application is for non-residential property located in the Peoria Enterprise Zone and complies in all respects with the City of Peoria Enterprise Zone Abatement Ordinances as adopted by the Peoria City Council; and that all construction of this project has complied with the Prevailing Wage Act. I further affirm that I shall provide such information on investments and jobs as from time to time may be required. I further affirm that the above information is true and correct. I understand that any false statement could result in denial or revocation of the tax abatement.

(Signature of Owner)

Subscribed and sworn to before me this _____ day of _____, 2009.

Notary Public

(SEAL)

Approved:

City Manager

Date

ENTERPRISE ZONE INCENTIVES QUESTIONS AND ANSWERS

Enterprise Zone Financing Program

To promote economic development within the Illinois Enterprise Zones, the Illinois Department of Commerce and Economic Opportunity (DCEO) developed the Enterprise Zone Financing Program. This financing mechanism is designed to encourage businesses to locate within an Illinois Enterprise Zone.

Q. Can any financial institution participate in the Enterprise Zone Financing Program?

A. Yes. However, participating financial institutions must enter into a Master Participation Agreement which outlines all terms and conditions of any loan participation between the financial institution and DCEO.

Q. What is the maximum and minimum amount of a loan?

A. DCEO may participate in an eligible loan for no less than \$10,000, nor more than \$750,000 based on the number of new full-time jobs created at \$10,000 per job. DCEO's participation cannot exceed 25% of the total project, and may/may not be subordinate depending on the other financing entities involved in the project.

Q. Who is eligible for the program?

A. Eligible businesses include any for profit entity with less than 500 employees (or not dominant in its field) locating in an Illinois Enterprise Zone. Funds may not be used for: (1) debt refinancing; (2) passive real estate investment; and (3) wholesale or manufacture of liquor, tobacco products, sexually explicit materials and firearms (includes retail sales).

Q. What is the rate for the Financing Program?

A. DCEO's rate (either fixed or variable depending on the participating financial institution) will be determined at the time of approval at a comparable T-Bill Rate plus 0 to 2%, but in no event shall DCEO's rate be less than three (3) percent.

Q. What are the terms of the Financing Program?

A. DCEO's term shall match that of the participating bank, but in no event shall DCEO funds be amortized longer than ten years unless there is a balloon payment provision, at which time DCEO will cease to be a participant.

Q. Who verifies that the business project is eligible?

A. The local Enterprise Zone Administrators must verify that the business project is located in the Enterprise Zone for the business to be eligible for the incentive rate financing under this program.

Property Tax Abatement

Q. Where exactly is the Enterprise Zone and how do I know if a site is in it?

A. A map is available on the Economic Development portion of the City's website at www.ci.peoria.il.us. For specific parcel information, contact the City of Peoria, Department of Economic Development, at 309/494-8640.

Q. What is the Enterprise Zone Property Tax Abatement?

A. The Illinois Enterprise Zone Act allows taxing districts to direct the County Clerk to abate a portion of its taxes on real estate property improvements occurring within the Zone. Property Tax Abatement applies only to property improvements; in Peoria this is tied to North American Industry Classification System (NAICS) codes and additional investment in the Enterprise Zone.

Q. Can taxes be abated on existing improvements?

A. No. Property taxes are abated only on the assessed value attributed to new improvements or substantial rehabilitation of existing property. Property taxes are not abated on the value of real estate prior to new construction, renovation or rehabilitation.

Q. How much of my property taxes will be abated?

A. Not all taxing authorities abate property taxes in the Enterprise Zone. The following chart outlines the taxing authorities that participate in the tax abatement:

District	% Abated	Thru (year)
City of Peoria	100	2013
Town of Peoria	100	2013
G.P Airport	100	2013
G.P. Mass Transit	100	2013
I.C.C.	100	2013
Peoria County	100	2013
Peoria Library	100	2013
Peoria Park District	100	2013

The following do not participate in the tax abatement program: Peoria School District 150, Dunlap School District #323, Richwoods Township and Radnor Township.

Property tax rate for the three previous years: For School District # 150, Peoria Township

2008 Payable 2009		2009 Payable 2010		2010 Payable 2011	
Full Rate \$8.4065	Rate With Abatement \$4.5951	Full Rate \$8.7548	Rate With Abatement \$4.88106	Full Rate \$8.7874	Rate With Abatement \$4.93071

Note: Property tax rates per \$100 assessed valuation. Valuation is 33.3% of the real property.

Property tax rate for the three previous years: For School District # 323, Peoria Township

2008 Payable 2009		2009 Payable 2010		2010 Payable 2011	
Full Rate \$7.8429	Rate with Abatement \$4.03153	Full Rate \$7.94378	Rate with Abatement \$4.07	Full Rate \$8.0300	Rate With Abatement \$4.17326

Note: Property tax rates per \$100 assessed valuation. Valuation is 33.3% of the real property.

Q. Are all properties in the Enterprise Zone eligible for property tax abatement?

A. No. Only non-residential properties falling within the following North American Industry Classification System (NAICS) Codes are eligible for property tax abatement (see below):

NAICS Codes
Effective 4/19/11

22 Utilities

221111-221210 only

221111 Hydroelectric Power Generation
221112 Fossil Fuel Electric Power Generation
221113 Nuclear Electric Power Generation
221119 Other Electric Power Generation
221121 Electric Bulk Power Transmission & Control
221122 Electric Power Distribution
221210 Natural Gas Distribution

31-33 Manufacturing

311 Food and Kindred Products
313 Textile Mill Products
315 Apparel and Other Textile Products
316 Leather and Leather Products
321 Lumber and Wood Products
322 Paper and Allied Products
323 Printing and Publishing
324 Petroleum and Coal Products
325 Chemicals and Allied Products
326 Rubber and Miscellaneous Plastics Products
327 Stone, Clay and Glass Products
331 Primary Metal Industries
332 Fabricated Metal products
333 Machinery, Except Electrical
334 Instruments and Related Products
335 Electric and Electronic Equipment
336 Transportation Equipment
337 Furniture and Fixtures
339 Miscellaneous Manufacturing Industries

42 Whole Sale Trade

48-49 Transportation & Warehousing

481 Transportation by Air
483 Water Transportation
484 Trucking and Warehousing
492 Communication

51 Information

52 Finance and Insurance

54 Professional Scientific and Technical Services

55 Management of Companies and Enterprises

56 Management and Remediation Services

561110-561431 only

561110 Office Administrative Services
561210 Facilities Support Services
561311 Employment Agencies
561312 Executive Search Services
561320 Temporary Help Services
561330 Professional Employer Organizations
561410 Document Preparation Services
561421 Telephone Answering Services
561422 Telemarketing Bureaus
561431 Private Mail Centers

61 Educational Services

All Schools including Elementary, Secondary, Colleges and Universities

62 Healthcare and Social Services

Abated in entire Enterprise Zone

72 Accommodation and Food Services

721110 Hotels (Except Casino Hotels and Motels)
721120 Casino Hotels
721191 Bed and Breakfast
721199 All Other Traveler Accommodation

Note Property tax abatement for mixed use is available only within the Heart of Peoria. Mixed use is defined as buildings of at least two stories that incorporate residential uses and where at least 20% of the useable floor space will be devoted to commercial, office, or industrial use. Call the Department of Economic Development at (309) 494-8640 for information on boundaries of the Heart of Peoria.

For a more comprehensive NAICS Code listing go to www.census.gov/epcd/naics02

Q. What happens if the property has both qualifying and non-qualifying NAICS Code usage due to, for example, multiple occupants?

A. In the case of multiple use property, property tax abatement will be available on a proportional basis for leasable square footage.

Q. What if a portion of the property is unoccupied on January 1st?

A. Unoccupied property is treated as a non-qualifying NAICS use for purposes of the tax abatement program.

Q. Is the property always reassessed following the construction of new improvements or rehabilitation and/or renovation of existing improvements?

A. Yes. Any time property is improved it must be reassessed.

Q. Can property tax abatement be used in a Tax Increment Financing District?

A. No. Property tax abatements are not offered in a Tax Increment Financing (TIF) District. Properties in the TIF Districts are, however, included in the legal description of the Zone and are eligible to receive other Enterprise Zone benefits. Property tax abatement must be excluded from the TIF Districts because the tax on improvements in the TIF Districts is the mechanism by which public improvements for the Districts are provided. For example, the Southtown and Downtown TIF Districts receive the other Enterprise Zone benefits, but not tax abatement.

Q. How do I apply for tax abatement?

A. An application must be filed with the Zone Administrator (City Of Peoria, Department of Economic Development) by December 1st in order for the project to be eligible for tax abatement the following year. Example: If the abatement form is turned in December 1, 2009, the abatement may begin for 2009 taxes payable 2010.

Q. When will the company first experience the benefits of tax abatement?

A. Tax abatement for a given year will impact the taxes for that year which, under Illinois law, are actually payable the following year. For example, an application received by December 1, 2009 will first affect the 2009 tax bill which is payable in 2010.

Q. What will happen if a company fails to meet the December 1st deadline?

A. The company may lose one year of tax abatement.
(Contact the Department of Economic Development at (309) 494-8640 for more information on receiving property tax abatement.)

Building Materials Sales Tax Exemption

Q. What is the sales tax exemption?

A. Sales tax will be waived on building materials purchased within the State of Illinois for use in properties located in the Enterprise Zone, provided a building permit has been issued and a Certificate of Eligibility has been obtained from the City of Peoria Department of Economic Development. Building materials can be used for remodeling, rehabilitation or new construction.

Q. Who is eligible to offer sales tax exemption?

A. Any retailer whose place of business is located within the State of Illinois is eligible to offer the sales tax exemption for building materials.

Q. How much of the sales tax is waived?

A. 100% of the 8.0% sales tax is waived.

Q. For the purpose of determining the exemption, what qualifies as "Building Material?"

A. Building materials are considered to be any items permanently affixed to real property.

For example, wall-to-wall carpet that is glued and permanently incorporated is allowable since it is permanently installed, but an area rug is not since it is not a permanent addition to the property. Other examples of building materials are lumber, windows, HVAC equipment, roofing materials, concrete, and elevators.

Q. What is the procedure for exempting sales tax on building materials?

A. Sales tax exemptions by qualified retailers to qualified buyers are made at the point of sale. The procedure is similar to any other non-taxable transaction. The retailer deducts the amount of sales tax on the monthly sales tax return (Form RR-1-A). **Retailers must maintain records to substantiate the Enterprise Zone transaction, including a copy of the invoice, a signed purchaser's statement and a copy of the Building Materials Sales Tax Exemption form (See form on page 2 of this document).**

Q. How does the retailer know that the purchaser is eligible to claim a sales tax exemption?

A. The purchaser must present a Certificate of Exemption signed by the Enterprise Zone Administrator. These forms are available in the Department of Economic Development located in City Hall, Room 403. Photocopies of the Certificate of Exemption are acceptable to the vendors.

Investment Tax Credit

Q. What is the Enterprise Zone Investment Tax Credit?

A. Illinois law allows a 0.5% credit against regular State income tax for the value of investments (excluding land) in qualified property that is placed in service in the Enterprise Zone. The Enterprise Zone investment tax credit is in addition to two existing investment tax credits:

0.5% credit against personal property replacement income tax;

0.5% credit against replacement tax allowed if employment has increased by at least 1% over the preceding year.

Q. What is qualified property?

A. "Qualified property" is that which meets the following criteria:

- is tangible, whether new or used, including buildings and structural components of buildings;
- is acquired by purchase;
- is depreciable, except in the case of property assigned to a three-year federal accelerated cost recovery class which disqualifies the property; and
- has not been previously used in such a manner and by the person or company that qualifies for the credit.

Q. What does "place in service" mean?

- A. Qualified property is "placed in service" upon the earlier of the following dates:
- the date the property is in a condition of readiness and availability for its designated use and a Certificate of Occupancy has been issued by the City of Peoria, or
 - the date on which the cost recovery period on the property begins.

Q. When must the qualified property be placed in service in order to take advantage of the credit?

- A. Qualified property must be placed in service in the Enterprise Zone after July 1, 1983, and on or before the last day of the business's taxable year. The tax credit is allowed for the year in which the property is placed in service. If, however, the amount of the credit exceeds the tax liability for that year, the excess may be carried forward and applied to the tax liability of the five taxable years following the excess credit year.

Job Tax Credits

Q. What is the Job Tax Credit?

- A. An employer who conducts business in the Peoria Enterprise Zone is allowed a credit against Illinois income taxes of \$500 per eligible employee hired to work in the Zone during the taxable year. The credit is available for eligible employees hired on or after January 1, 1986. Any portion of the credit unused in the first taxing year may be carried forward five years. The credit must be applied to the earliest year for which there is a tax liability.

Q. How do employers qualify for the credit?

- A. To qualify for the credit:
- the employer must hire a minimum of five eligible employees during the taxable year;
 - the employer's total employment within the Zone must increase by five or more full-time employees beyond the employer's total employment in the Zone at the end of previous tax years for which a credit was taken or beyond the total employment as of December 31, 1985, whichever is later.

Q. How do individuals qualify as eligible employees?

- A. The employee must be:
- either certified as a dislocated worker by a dislocated worker center or a local agency administering federal Workforce Investment Act (WIA) Funds, or economically disadvantaged, or a recipient of Public Aid benefits or food stamps;
 - employed in the Enterprise Zone (i.e., the Zone employee's place of employment or the base of operations for services performed);
 - employed at least 180 consecutive days for 30 or more hours per week.

Q. How does the employer find individuals eligible for the job tax credit?

- A. The employer should list job openings with the local WIA administrative agency, noting that the business is within the Zone and seeks to hire certified dislocated workers. For more information contact Workforce Development at 309/495-8900.

Q. What paperwork is involved with the job tax credit?

- A. Eligible individuals will be issued a job tax credit certification voucher by the Department of

Employment Security to present to prospective employers. When a person is hired, the employer should keep a copy of the voucher for tax records.

Illinois Income Tax Deductions

Q. What is the Dividend Subtraction incentive?

A. The Illinois Enterprise Zone Act provides that a taxpayer may deduct from taxable income an amount equal to those dividends which were paid by a corporation that conducts substantially all of its operations in an Enterprise Zone or Zones.

Q. Who is eligible to take the Dividend Subtraction Incentive?

A. Individuals, corporations, partnerships, trusts and estates are eligible to take the dividend deduction.

Q. Which dividends may be subtracted?

A. Only dividends paid on or after July 1, 1983 and on or before the last day of business's taxable year may be deducted.

Q. What is the Contribution Subtraction incentive?

A. The Illinois Enterprise Zone Act provides that Designated Zone Organizations may solicit and receive cash or in-kind corporate contributions for approved projects. A corporation may claim a State income tax deduction at double the value of the contribution to the extent that:

1. The contribution qualifies as a charitable contribution under Subsection (c) of Section 170 of the Internal Revenue Code; and
2. The Illinois Department of Commerce and Economic Opportunity approves the amount of the contribution that may be claimed as a deduction.

Q. What is the Peoria Designated Zone Organization (DZO)?

A. The DZO is a Board consisting of business people who encourage development in the Enterprise Zone and who review and develop incentives for the benefit of Enterprise Zone businesses.

Q. Who do I contact for more information?

A. The City of Peoria Department of Economic Development, at 309/494-8640 (FAX 309/494-8650).

Q. Who is eligible to take the Contribution Subtraction incentive?

A. Only corporations may claim the exemption.

Q. What is the Interest Deduction incentive?

A. Any financial institution that meets the requirements of Section 403(c) of the Illinois Income Tax Code may deduct from taxable income an amount equal to the interest received from a loan for development in an Enterprise Zone, to the extent that the loan is secured by property eligible for the Enterprise Zone investment tax credit.

Industrial Revenue Bonds

- Q. What is the Industrial Revenue Bond incentive provided through the Enterprise Zone program?**
- A. The Illinois Development Finance Authority (IDFA) has set aside IRBs for the purposes of acquiring, developing, improving or constructing industrial projects established by businesses located or expanding within an Enterprise Zone.
- Q. What requirements must a project within an Enterprise Zone meet to be eligible for Industrial Revenue Bonds through IDFA?**
- A. Any industrial revenue bond project must:
- involve industrial uses only;
 - involve only fixed assets (land, building, capital equipment) and certain fees and charges connected directly with financing the project;
 - create or retain jobs; and
 - conform to certain application procedures.
- Q. Are certain projects given preference for industrial revenue bond financing?**
- A. According to the Illinois Enterprise Zone Act, preference is given to projects which create employment for persons eligible for services under the Workforce Investment Act.

Equipment, Pollution Control, and Utility Tax Exemption

- Q. What are the Machinery and Equipment Exemptions?**
- A. A 5% State sales tax exemption is available on repair and replacement parts for machinery and equipment used in the manufacturing or assembling of goods for wholesale, retail, or lease; equipment; manufacturing fuels; and materials or supplies for operation, repair or maintenance of the above-mentioned equipment.
- Q. What is the Pollution Control Facilities Exemption?**
- A. A 5% State sales tax exemption is available on tangible personal property (e.g. machinery, equipment, supplies) used or consumed in the operation of pollution control facilities.
- Q. Who is eligible for the pollution control facilities exemption?**
- A. To be eligible for the pollution control facilities exemption, a business must make an investment in the Zone that creates a minimum of 200 full-time jobs. In addition, the business must be certified by the Illinois Department of Commerce and Economic Opportunity.
- Q. What is the Utility Tax Exemption?**
- A. A State utility tax exemption is available on gas, electricity, and the Illinois Commerce Commission .08 percent administrative charge.
- Q. Who is eligible for the utility tax exemption?**
- A. To be eligible for the utility tax exemption, the business must be certified by the Illinois Department of Commerce and Economic Opportunity as having made an investment in the Zone that either creates a minimum of 200 full-time equivalent jobs or retains a minimum of 1,000 full-time jobs.

Q. Is my business exempt from the City's utility tax?

A. No. Businesses in the Enterprise Zone are still required to pay any City utility taxes.

SAMPLE ENTERPRISE ZONE BENEFITS

Following is an example of how the Peoria Enterprise Zone benefits can favorably influence an investment in the Zone.

Assumptions: A \$500,000 addition is made to an existing business in the Zone. Of this amount, \$200,000 is for building materials.

- The business is NAICS Code-eligible for property tax abatement.
- The increase in the assessed valuation of the property is one-third of \$500,000, or \$165,000.
- Ten new jobs are created, of which six are eligible for the Job Tax Credit.

Type of Benefit	Savings
8.25% Sales Tax Waiver	\$ 16,500
Approximate Tax Abatement (per year for 5 years or until 2013) ¹	\$ 6,428
Investment Tax Credit ²	\$ 2,500
Jobs Tax Credit	\$ 3,000
TOTAL FIRST YEAR SAVINGS	\$28,428

¹ Based on 2010 payable 2011 property tax rates. School Districts are not included in the abatement.

² This credit is in addition to two other tax credits available throughout the State, regardless of location: a .5% investment tax credit and a .5% credit if employment is increased by one percent over the preceding year.