



## 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.

In Peoria the Enterprise Zone is administered by:

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

The City of Peoria Enterprise Zone will expire on December 31, 2013. Peoria's Enterprise Zone encompasses 8.35 square miles out of a total of 12 allowable 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. To determine if your property is in the Enterprise Zone you may go to the map at <http://gis.peoriacounty.org/peorias/> and select Community Layers or contact the Zone Administrator.

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 Office of Economic Development at City Hall. THE STATE OF ILLINOIS REQUIRES THAT VENDORS, BUSINESSES AND SUB CONTRACTORS 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. 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.

The State of Illinois requires that you a copy of this certification is retained by all vendors, businesses and subcontractors.

**Name of Business:** \_\_\_\_\_ **Parcel I.D. No:** \_\_\_\_\_ **Street Address:** \_\_\_\_\_

**Owner's Name:** \_\_\_\_\_ **Phone No.:** \_\_\_\_\_ **Owner's Address:** \_\_\_\_\_

**Contractor's Name:** \_\_\_\_\_ **Phone No.:** \_\_\_\_\_ **Completion Date:** \_\_\_\_\_ **Total Project Cost:** \_\_\_\_\_

**Site Purchase Cost:** \_\_\_\_\_ **Capital Equipment Cost:** \_\_\_\_\_ **Cost Building Materials Only:** \_\_\_\_\_

**# Jobs Retained:** \_\_\_\_\_ **FTE Jobs Created:** \_\_\_\_\_ **Current# of Employees:** \_\_\_\_\_ **Rehab?:** \_\_\_\_\_ **Remodel?:** \_\_\_\_\_  
(Total hours worked X # Employees divided by 40.)

**PROJECT TYPE:** Retail Commercial \_\_\_\_\_ Service Commercial \_\_\_\_\_ Industrial \_\_\_\_\_ **Purchase Date:** \_\_\_\_\_

**ESTIMATED VALUE OF CONSTRUCTION** (per Contractor's bid) :\$ \_\_\_\_\_ **NAICS Code** \_\_\_\_\_ **Date Completed:** \_\_\_\_\_  
<http://www.naics.com/search.htm>

**Please attach a list of building materials and the estimated quantities to be purchased.**

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

\_\_\_\_\_  
**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** \$ \_\_\_\_\_

It is the responsibility of the developer/contractor to ensure that all materials qualify as real property under the State of Illinois Department of Revenue requirements.

**Zone Administrator:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Once completed email, mail, fax or hand deliver to:**

City Hall, 419 Fulton, Ste 402  
Peoria, IL 61602  
Phone (309) 494-8640  
Fax: (309) 494-8650  
[sschlupp@ci.peoria.il.us](mailto:sschlupp@ci.peoria.il.us)

The Zone Administrator shall provide the general contractor or project manager with one signed copy. To determine if your property is in the Enterprise Zone you may contact the Zone Administrator or go to the map at <http://gis.peoriacounty.org/peorias/> and select Community Layer

**APPLICATION FOR PROPERTY TAX ABATEMENT  
WITHIN CITY OF PEORIA ENTERPRISE ZONE**

**NOTE: This application must be submitted by December 1<sup>st</sup> 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. 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 \_\_\_\_\_, 2011.

\_\_\_\_\_  
Notary Public

(SEAL)

Approved:

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Date

## ENTERPRISE ZONE INCENTIVES QUESTIONS AND ANSWERS

The following summarizes the most often asked questions on the tax benefits offered through the Enterprise Zone Program.

### INVESTMENT TAX CREDIT

**Q. What is the Enterprise Zone investment tax credit?**

**A.** The Illinois Income Tax Act 35 ILCS 5/201, as amended allows a .5 percent credit against the state income tax for investments in qualified property, which is placed in service in an enterprise zone.

**Q. Who are qualifying taxpayers?**

**A.** The credit may be taken by corporations, trusts, estates, individuals, partners and Subchapter S shareholders who make investments in qualified property and who otherwise meet the terms and conditions established by statute.

**Q. What is qualified property?**

**A.** "Qualified property" is property which:

- Is tangible; whether new or used, including buildings and structural components of buildings;
- Is acquired by purchase as defined in Internal Revenue Code (IRC) Section 179( d);
- Is depreciable pursuant to IRC Section 167; has a useful life of four or more years as of the date placed in service in an enterprise zone; is used in the enterprise zone by that taxpayer;
- Has not been previously used in Illinois in such a manner and by such a person as would qualify for the credit; and, is an improvement or addition made on or after the date the zone was designated to the extent that the improvement or addition is of a capital nature, which increases the adjusted basis of the property previously placed in service in an enterprise zone and otherwise meets the requirements of qualified property.

**Q. What are examples of "qualified property"?**

**A.** Examples include buildings, structural components of buildings, elevators, materials tanks, boilers, and major computer installations. Examples of non-qualifying property are land, inventories, small personal computers, trademarks, typewriters, and other small, non-depreciable, or intangible assets.

**Q. What does "placed in service" mean?**

**A.** Qualified property is "placed in service" on the earlier of 1) the date the property is placed in a condition of readiness and availability for use, or 2) the date on which the depreciation period of that property begins. To qualify for the enterprise zone investment tax credit, the property must be placed in service on or after the date the zone was certified by the Department of Commerce and Economic Opportunity, and on or before the last day of the firm's taxable year.

**Q. What is "depreciable" property?**

**A.** Property must be depreciable pursuant to Internal Revenue Code Section 167. Depreciable property is used in the taxpayer's trade or business or held for the production of income (but not inventory), which is subject to wear and tear, exhaustion or obsolescence.

There are some types of assets that may not be depreciable, even though they are used in the taxpayer's business or trade or are held for the production of income. Good will and land are examples. Other examples of tangible property, which are not depreciable, are inventories, natural resources and currency.

**Q. Does "used" property qualify for the Enterprise Zone investment tax credit?**

**A.** Used property does not qualify if it was previously used in Illinois in such a manner and by such a person as would qualify for either the statewide investment tax credit or the enterprise zone investment tax credit.

Example: A corporation purchases a used pick-up truck for use in its manufacturing business in an enterprise zone from an Illinois resident who used the truck for personal purposes in Illinois. If the truck meets the other requirements for the investment tax credit, it will not be disqualified because it was previously used in Illinois for a purpose, which did not qualify for the credit. However, had the corporation purchased the truck from an Illinois taxpayer in whose hands the truck qualified for the credit, the truck would not be qualified for the investment tax credit, even though the party from whom the truck was acquired had never received an investment tax credit for it.

**Q. What is the "basis" value of property?**

**A.** The "basis" value of property, for the purposes of this credit, is defined the same way it is defined for purposes of federal depreciation calculations. Essentially, the basis is the cost of the property, as well as related capital costs.

**Q. Does the Enterprise Zone investment tax credit carry forward?**

**A.** Yes. The credit is allowed for the tax year in which the property is placed in service, or, if 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. The credit must be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time is applied first.

## **SALES TAX DEDUCTION**

**Q. What is the sales tax deduction and what is the retailer's role?**

**A.** Each retailer who makes a qualified sale of building materials to be incorporated into real estate in an enterprise zone established by a county or municipality under the Illinois Enterprise Zone Act by remodeling, rehabilitation or new construction, may deduct receipts from such sales when calculating the tax imposed by this Act. For purposes of this Section, "qualified sale" means a sale of building materials that will be incorporated into real estate as part of a building project for which a Certificate of Eligibility for Sales Tax Exemption has been issued by the administrator of the enterprise zone in which the building project is located. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the Certificate of Eligibility for Sales Tax Exemption issued by the administrator of the enterprise zone into which the building materials will be incorporated.

The retailer must obtain certification from the purchaser that contains:

- (1) a statement that the building materials are being purchased for incorporation into real estate located in an Illinois enterprise zone;
- (2) The location or address of the real estate into which the building materials will be incorporated;
- (3) the name of the enterprise zone in which that real estate is located;
- (4) a description of the building materials being purchased; and
- (5) the purchaser's signature and date of purchase.

Purchases made in the City of Peoria receive a 100% sales tax deduction. However, building materials may be purchased anywhere in the State of Illinois.

**Q. Do all retailers offer a point of sale exemption?**

**A.** No. Retailers are not required by law to participate. The purchaser must ask the retailer for cooperation on this incentive. Retailers have, however, demonstrated good cooperation throughout the history of this program, as this incentive permits them to give customers a "break" without cost to themselves.

**Q. What qualifies as "building materials" eligible for the sales tax deduction?**

**A.** Building materials that are eligible for the enterprise zone sales tax deduction include items that are permanently affixed to real property such as lumber, mortar, glued-down carpets, paint, wallpaper and similar affixed items.

**Q. Are eligible sales limited to the units of government sponsoring the zone?**

**A.** No. Items eligible for the sales tax exemption may be purchased anywhere in Illinois.

## **EZ MACHINERY AND EQUIPMENT SALES TAX EXEMPTION**

**Q. What is the EZ Manufacturing Machinery and Equipment (M, M & E) Sales Tax Exemption?**

**A.** The Revenue Act 35 ILCS 120/1d-1f, as amended allows a business enterprise that is certified by DCEO, that either creates a minimum of 200 full-time equivalent jobs in Illinois; or retains a minimum of 2,000 full-time jobs in Illinois; or which retains 90% of the existing jobs, a 6.25 percent state sales tax exemption on all tangible personal property which is used or consumed within an enterprise zone in the process of manufacturing or assembly of tangible personal property for wholesale or retail sale or lease. This exemption includes repair and replacement parts for machinery and equipment used primarily in the wholesale or retail sale or lease, and equipment, manufacturing fuels, material and supplies for the maintenance, repair or operation of manufacturing,

or assembling machinery or equipment.

**Q. How does a business become eligible for the M, M & E Sales Tax Exemption?**

**A.** To be eligible for this incentive, DCEO must certify that the business has made an investment of at least \$5 million in an enterprise zone and has created a minimum of 200 full-time equivalent jobs in Illinois or has made an investment of at least \$40 million in an enterprise zone and has retained a minimum of 2,000 full-time jobs in Illinois or has made an investment of \$40 million in an enterprise zone and retained 90 percent of the jobs in place on date of certification. A majority of the "jobs created" or "retained" must be in the Enterprise Zone in which the eligible investment is made. A business must submit an application to DCEO documenting the eligible investment and that the job creation or job retention criteria will be met.

**Q. What is an eligible investment?**

**A.** For purposes of this incentive, eligible investment may be either:

- investments in qualified property as defined in the Enterprise Zone Investment Tax Credit; or,
- non-capital and non-routine investments and associated service costs made for the basic construction, renovation or improvement of qualified property including productive capacity, efficiency, product quality or competitive position. Regular maintenance and routine expenditures are not included.

**Q. What tangible personal property is eligible for the M, M & E sales tax exemption?**

**A.** To be eligible for this exemption the tangible personal property must be directly used or consumed in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease. Examples of this include: repair and replacement parts; hand tools; materials and supplies such as abrasives, acids or lubricants; protective clothing and safety equipment; and, any fuel used for machinery and equipment.

NOTE: The above examples are only exempt to the extent they are used with machinery and equipment that qualifies for the statewide Manufacturing Machinery and Equipment Sales Tax Exemption.

### **UTILITY TAX EXEMPTION**

**Q. What is the Utility Tax Exemption?**

**A.** The Public Utilities Act 220 ILCS 5/9-222.1, as amended and the Telecommunications Excise Tax Act 35 ILCS 630/2(a)(5), as amended allows a business enterprise that is certified by DCEO, as making an investment in a zone that either creates a minimum of 200 full-time equivalent jobs in Illinois or retains a minimum of 1,000 full-time jobs in Illinois, a 5 percent state tax exemption on gas, electricity and the Illinois Commerce Commission .1 percent administrative charge and excise taxes on the act or privilege of originating or receiving telecommunications. Local units of government may also exempt their taxes on gas, electricity and water.

**Q. How does a business become eligible for the Utility Tax Exemption?**

**A.** To be eligible for this incentive, DCEO must certify that the business makes an investment of at least \$5 million in an enterprise zone and has created a minimum of 200 full-time equivalent jobs in Illinois or makes an investment of at least \$175 million in an enterprise zone and has created a minimum of 150 full-time equivalent jobs in Illinois or makes an investment of at least \$20 million in an enterprise zone and has retained a minimum of 1,000 full-time jobs in Illinois. A majority of the "jobs created" or "retained" must be in the Enterprise Zone in which the eligible investment is made. A business must submit an application to DCEO documenting the eligible investment and that the job creation or job retention criteria has been met.

**Q. What is an eligible investment?**

**A.** For purposes of this incentive, 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 productive capacity, efficiency, product quality or competitive position. Regular maintenance and routine expenditures are not included.

### **JOB TAX CREDIT**

**Q. What is the Enterprise Zone jobs tax credit?**

**A.** The enterprise zone jobs tax credit 35 ILCS 5/201 offers employers a tax credit on their Illinois income taxes for hiring individuals who are certified as economically disadvantaged or as dislocated workers.

**Q. How much is the tax credit?**

**A.** An employer who conducts a trade or business in an enterprise zone is allowed a credit of \$500 per eligible employee hired to work in a zone during the taxable year. Any unused portion of the credit 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 jobs tax credit?**

**A.** To qualify for the credit, five eligible employees must be hired in a zone during the taxable year; and, the taxpayer's total employees must increase by five beyond the total employed in the zone at the end of the previous tax year for which a jobs tax credit was taken.

**Q. What individuals qualify as eligible employees for the Jobs Tax Credit?**

**A.** An employee must be:  
1) certified eligible for services;  
2) employed in an enterprise zone where the employee either works in the zone or the zone is the base of operations for the services performed; and,  
3) employed at least 180 consecutive days for 30 or more hours per week.

**Q. How do employers obtain jobs tax credit eligible individuals?**

**A.** An employer should list job openings with the local WIA Local Administrative office, note that the business is within an enterprise zone, and specify that the business seek to hire workers certified as eligible for services. If employers have job applicants who have not been referred by the local administrative office, they can offer to determine if they are eligible. Eligible individuals will be issued a Jobs Tax Credit Certification Voucher to present to prospective employers. When a person is hired, the employer keeps the voucher for tax records. That is all the paperwork required.

**PROPERTY TAX ABATEMENT**

**Q. What is the Enterprise Zone property tax abatement incentive?**

**A.** The Revenue Act 35 ILCS 200/18-170, as amended provides that any taxing district may order the county clerk to abate (that is, to give up) any portion of its taxes on real property, or on any particular class thereof, located within a zone and upon which new improvements have been constructed or upon which existing improvements have been renovated or rehabilitated.

**Q. Are taxes reduced on the current value of property (or on existing improvements)?**

**A.** No. The abatement applies only to taxes on the increase in assessed value attributable to the new construction, renovation, or rehabilitation. Taxes based on the assessed value of land and existing improvements continue to be extended and collected.

**Q. If property tax abatement is authorized, are new improvements made to property located within a zone reassessed?**

**A.** Yes. By law, every time property is improved, it is reassessed.

**Q. Am I automatically entitled to 100 percent abatement?**

**A.** No. Eligibility criteria and abatement formulas are established by local ordinance and vary from Zone to Zone. Not all taxing authorities abate property taxes in the City of Peoria Enterprise Zone. The following chart outlines the taxing authorities that participate in the tax abatement:

<b>District</b>	<b>% Abated</b>	<b>Thru (year)</b>
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	Rate With Abatement	Full Rate	Rate With Abatement	Full Rate	Rate With Abatement
\$8.4065	\$4.5951	\$8.7548	\$4.88106	\$8.7874	\$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	Rate with Abatement	Full Rate	Rate with Abatement	Full Rate	Rate With Abatement
\$7.8429	\$4.03153	\$7.94378	\$4.07	\$8.0300	\$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. A listing of codes abated is on Page 11.

**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 is 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 (found on pages 3 and 4 of this document) must be filed with the Zone Administrator (City Of Peoria, Office of Economic Development) by December 1st in order for the project to be eligible for tax abatement the following year

**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, 2011, if the Certificate of Occupancy has been granted, will first affect the 2011 tax bill which is payable in 2012.

**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 Zone Administrator at the Office of Economic Development at (309) 494-8640 for more information on receiving property tax abatement.

### **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) <sup>1</sup>	\$ 6,428
Investment Tax Credit <sup>2</sup>	\$ 2,500
Jobs Tax Credit	\$ 3,000
<b>TOTAL FIRST YEAR SAVINGS</b>	<b>\$28,428</b>

### **INCOME TAX DEDUCTION FOR FINANCIAL INSTITUTIONS**

The Illinois Income Tax Act 35 ILCS 5/203 provides that financial institutions in Illinois, such as banks and savings and loans, 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 an enterprise 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, described on Page 2 of this publication. Please refer to the section on the investment tax credit for a definition of eligible property.

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

<sup>2</sup> 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.

**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 Office 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](http://www.census.gov/epcd/naics02)**

## **DIVIDEND DEDUCTION**

**Q. What is the dividend deduction?**

**A.** The Illinois Income Tax Act 35 ILCS 5/203 provides that 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 or zones.

**Q. Can dividends from companies like AT&T be deducted?**

**A.** No. The firm must conduct substantially all of its operations within a zone or zones, and firms with locations throughout the state (such as AT&T, Sears, etc.) do not fit this definition.

**Q. Who is an eligible taxpayer?**

**A.** Individuals, corporations, partnerships, trusts and estates are eligible to take the dividend deduction on their Illinois income tax returns.

**Q. Which dividends may be subtracted?**

**A.** Only dividends paid on or after the date of zone certification or before the last day of your taxable year may be deducted.

**Q. Is there a list of companies doing substantially all their business in enterprise zones?**

**A.** No. Corporations must be contacted directly to verify their eligibility.

## **CORPORATE CONTRIBUTION DEDUCTION**

**Q. What is the corporate contribution deduction?**

**A.** The Illinois Income Tax Act 35 ILCS 5/203 provides that corporations may make donations to designated zone organizations for projects approved by the Illinois Department of Commerce and Economic Opportunity, and claim an income tax deduction at double the value of the contribution, to the extent that 1) the contribution qualifies as a charitable contribution under Section 170, Subsection (c) of the Internal Revenue Code; and 2) the Department approves the amount and type of contribution which may be claimed as a deduction.

**Q. What is a designated zone organization?**

**A.** Only an organization that meets the eligibility criteria set forth in the Enterprise Zone Act, including approval from the local government and the Illinois Department of Commerce and Economic Opportunity, is a designated zone organization. The Office of Economic Development can provide more information on the Designated Zone Organization for the City of Peoria (309) 494-8644.

**Q. Who is an eligible taxpayer?**

**A.** Only corporations may deduct twice the amount of a cash or in-kind contribution made to a designated zone organization project.

**Q. What is an approved contribution?**

**A.** In order to deduct twice the amount of a contribution, the contribution must be approved by the Illinois Department of Commerce and Economic Opportunity and must be made to an approved designated zone organization.

## **ADDITIONAL INFORMATION**

Where can income tax forms be obtained? Income tax forms are available from the Illinois Department of Revenue (DOR) at P.O. Box 3545, Springfield, Illinois 62708, or at 100 West Randolph, Chicago, Illinois 60601. The Chicago location also has a walk-in taxpayer assistance center on the lower level concourse. DOR's toll free number is 800/732-8866.

**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](http://www.ci.peoria.il.us). For specific parcel information, contact the City of Peoria, Office of Economic Development, at 309/494-8640.