

City of Taylorville

A GREAT PLACE TO LIVE



OFFICE OF THE MAYOR

Bruce Barry

January 2, 2020

To Whom It May Concern:

The Illinois Enterprise Zone Act was signed into law December 7, 1982. The purpose of the Act is to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state. Businesses located (or those that choose to locate) in a designated enterprise zone can become eligible to obtain special state and local tax incentives, regulatory relief, and improved governmental services, thus providing an economic stimulus to an area that would otherwise be neglected.

One of the key benefits of being located in a designated enterprise zone is being able to receive a Certificate of Eligibility for Sales Tax Exemption. Like your own organization, enterprise zone administrators and staff have ongoing expenses that must be met. Stimulating additional economic growth is a key mandate that zone administrators must continually work towards. Unfortunately, it costs money to do this effectively. With this in mind we began to look around to see how other local enterprise zones were funding their efforts. Both the Decatur-Macon County Enterprise Zone and the Bloomington-Normal-McLean County Enterprise Zone utilize a certification fee to assist in generating the needed revenue. The fee is a percentage of the total construction material costs for the designated project. The Bloomington-Normal-McLean Enterprise Zone currently charges 1 % while the Decatur-Macon County Enterprise Zone charges ½ %. After months of discussion the Taylorville-Christian County Enterprise Zone has decided to implement a similar fee.

Effective November 15, 2011, an Enterprise Zone Certification fee of ½ % of the total construction material costs as listed on the sales tax exemption form will be charged for approved Enterprise Zone projects. Applicants will need to complete the Certification of Eligibility for Sales Tax Exemption Form (see attached) and submit it to the Enterprise Zone Administrator along with a summary of construction materials. The amount of the fee required will then be calculated and the fee will have to be paid prior to the issuance of the sales tax exemption certificate. Checks should be made payable to the Christian County Economic Development Corporation (CCEDC). As illustrated in the example attached, the sales tax exemption remains a tremendous benefit.

Please feel free to contact Mr. Andy Goodall (217) 824-8713 or Mr. Vince Harris (217) 824-5433 with any questions or concerns regarding the new fee.

Example:

Company XYZ is located within the Taylorville/Christian County Enterprise Zone. The company intends to expand the size of its construction facility and wishes to utilize the sales tax exemption benefit. They complete the Certification of Eligibility for Sales Tax Exemption Form Total listing the costs of the required construction materials and include a summary listing the materials to be used. The total construction materials cost is estimated to be \$500,000 dollars. They will be exempt the normal 9 % sales tax which will result in a savings of \$45,000 dollars. The certification fee will amount to \$2,500 dollars bringing their net savings to \$42,500 dollars. They issue a check payable to Mike Blakeman CPA and Treasurer Christian County Economic Development Corporation in the amount of \$2,500 dollars and receive their Certificate of Eligibility for Sales Tax Exemption.

Cost of project construction materials: \$500,000.00
Total Sales Tax Exemption (9 % of \$500,000.00): \$45,000.00
Certification Fee (½ % of \$500,000.00): \$2,500.00

Christian County Economic Development Corporation (CCEDC)
Mike Blakeman – Treasurer
901 E. Main Cross
Taylorville, IL 62568

It is our hope that this Certification Fee will allow us not only to manage the affairs of the Taylorville-Christian County Enterprise Zone more efficiently but will also aid CCEDC in its efforts to stimulate economic growth in the area.

Thank you for your understanding and cooperation.

Respectfully,



Bruce J. Barry, Mayor
City of Taylorville

- "Retained" means the number of jobs that will remain in the Zone as a result of the new investment being made.
- "Created" means the number of jobs for which persons are hired or are expected to be hired within one year as a result of the new investment, NOT construction jobs.
- Certification Fee must be submitted with the form. Certification will not be provided without prior payment of fee.

Return completed form to:

Taylorville Christian County Zone Administrator

Mayor's Office

City Hall

Taylorville, Illinois 62568

Phone: (217) 287-7946

Taylorville Christian County Enterprise Zone Certification Application

This form must be completed and returned to Zone Administration Office
BEFORE any Enterprise Zone benefits can be granted.

ENTERPRISE ZONE PROJECT INFORMATION

(To be completed by Company Representative)

1. Name of Project: _____
2. Project's Street Address: _____
3. City: _____
4. Name of Business/Company applying for Enterprise Zone Designation (if different than project): _____
5. Company Address: _____
6. Contact: _____ Phone: _____
7. General Description of Project (including rehabilitation, remodeling of existing structures, new construction, major paving or new equipment):

8. Project Classification: Commercial _____ Industrial _____
9. Expected Date of Project Start: _____
10. Anticipated Completion Date: _____
11. Estimated Cost of Project: (Amount for 1 and/or 2 must coincide with building permit.)
 - 1) New Construction \$ _____
 - 2) Renovation \$ _____
 - 3) Site (Purchase and Preparation) \$ _____
 - 4) Capital Equipment \$ _____

**Permit valid for one year from date of issuance.

IDENTIFICATION INFORMATION

(these numbers are very important and MUST be filled in)

- 12. Permanent Parcel Numbers (s) (PPN): _____
- 13. Parcel Zoning _____
- 14. Federal Employer Identification Number (FEIN) _____
- 15. Unemployment Insurance Number (UIN): _____
- 16. Building Permit Number (BPN): _____
- 17. Date Building Permit Was Issued: _____
- 18. Expiration Date of Building Permit: _____
- 19. Estimated Cost of Project and Certification Fee Calculation:

A. Total Project Value (TPV)	
B. Construction Materials Costs	
C. Estimated Savings Rate	9.00%
D. Estimated Sales Tax Savings in EZ (B x C)	
E. Certification Fee Rate	.50%
Certification Fee (E x B)	

Maximum certification fee for any project considered for inclusion in the Taylorville Christian County Enterprise Zone is \$200,000.

In the event the application for expansion of the Taylorville Christian county Enterprise Zone is not approved, the Enterprise Zone administrators retain the right to withhold 5% or \$5,000, whichever is less of the certification fee for administrative costs.

- 20. Number of fulltime and part-time equivalent jobs:
 - a. Presently at Project Location: _____
 - b. Retained _____
 - c. Created (within 1 year of completion) _____

21. Does this project involve a move from another location? Yes _____ No _____
(if yes, please indicate city and state):

22. Signature of Project Representative:

 NAME TITLE

NEW	CHANGE	CONTINUED

MARK APPROPRIATE BOX

**NOTICE TO ABATE CERTAIN PROPERTY TAXES
IN THE ENTERPRISE ZONE
MUST BE FILED NO LATER THAN JULY 1**

OFFICE USE ONLY

TO: BOARD OF REVIEW
COUNTY CLERK

FROM: _____ DATE: _____

SIGNATURE: _____ TITLE: _____

PARCEL DESCRIBED AS FOLLOWS:

PERMANENT INDEX NUMBER: _____

PROPERTY ADDRESS: _____

OWNER OF RECORD: _____

YEAR OF ABATEMENT PERIOD: YEAR _____ OF _____

TAX YEAR: _____ PAYABLE: _____ BASE YEAR: _____

TYPE OF PROPERTY: ~~COMMERCIAL~~ _____ INDUSTRIAL _____

UNDER PROVISIONS OF THE ILLINOIS ENTERPRISE ZONE ACT AND RELEVANT CITY OR VILLAGE AND COUNTY CODES, ALL OR PART OF THE PROPERTY TAX OF THE FOLLOWING TAXING DISTRICTS ARE ABATED ON CERTAIN IMPROVEMENTS TO THE ABOVE REFERENCED PARCEL FOR THE REFERENCED TAX YEAR. THAT PORTION OF REAL PROPERTY TAXES TO BE ABATED FOR EACH TAXING DISTRICT SHALL BE DETERMINED BY THE COUNTY CLERK USING THE FOLLOWING FORMULA:

$$\frac{\text{CURRENT YEAR EAV OF IMPROVEMENT} - \text{LESS BASE YEAR EAV OF IMPROVEMENT}}{\text{EAV TO BE ABATED}}$$

INDUSTRIAL	
<u>%EAV ABATED</u>	
Year 1	100%
Year 2	90%
Year 3	80%
Year 4	70%
Year 5	60%
Year 6	50%
Year 7	40%
Year 8	30%
Year 9	20%
Year 10	10%

COMMERCIAL	
<u>%EAV ABATED</u>	
Year 1	100%
Year 2	80%
Year 3	60%
Year 4	40%
Year 5	20%



Informational

Bulletin

Brian Hamer, Director

New Application Process to Obtain Sales Tax Exemption Certificates for Building Materials

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Contractors and other entities participating in a real estate construction, rehabilitation, or renovation project in an Enterprise Zone or a River Edge Redevelopment Zone – or for a state-certified High Impact Business – may purchase building materials for the project exempt from sales tax.

Beginning July 1, 2013, the building materials exemption will be available only to those contractors or other entities with a certificate issued by the Illinois Department of Revenue.

For information or forms
Visit our website at
tax.illinois.gov

This bulletin provides a brief description of the requirements. For complete information about what you need, visit our website at tax.illinois.gov and click on the "Business Incentives Reporting and Building Materials Exemption Certification" link.

Who is eligible for a Building Materials Exemption Certificate?

- Each construction contractor or other entity that purchases building materials to be incorporated into real estate in an Enterprise Zone or River Edge Redevelopment Zone by rehabilitation, remodeling or new construction.
- Each construction contractor or other entity that purchases building materials that will be incorporated into a High Impact Business location as designated by the Department of Commerce and Economic Opportunity

How do I apply for a Building Materials Exemption Certificate?

- Construction contractors or other entities seeking exemption certificates must go through the Zone Administrator of the zone where the project is located or through the High Impact Business project manager.
- Zone Administrators must submit applications for those construction contractors or other entities purchasing materials to incorporate into real estate in an Enterprise Zone or River Edge Redevelopment Zone.
- High Impact Businesses must submit applications for those construction contractors or other entities purchasing materials to be incorporated into a High Impact Business location.

**Informational Bulletin - New Application Process to Obtain Sales Tax
Exemption Certificates for Building Materials**

FY 2013-16

- All applications must be submitted through the "Business Incentives Reporting and Building Materials Exemption Certification" link at the Department of Revenue's website, at tax.illinois.gov.
- The Department of Revenue will issue an exemption certificate within 72 hours of receiving an application.

What information does a Zone Administrator or High Impact Business project manager have to provide to apply for an exemption certificate?

- Name, address and e-mail address of the construction contractor or other entity seeking a certificate;
- Name of the Enterprise Zone or River Edge Redevelopment Zone (not necessary for High Impact Business locations);
- The address (or location) of the project;
- The estimated amount of the exemption based on the percentage of the contract that consists of materials; and
- Federal Employer Identification Number (FEIN) or Applicant ID

IMPORTANT: If you are a sole proprietor using a Social Security Number (SSN) as your business identification number, you must first obtain an "Applicant ID" through the Building Materials Exemption Certificate program and bring your Applicant ID to the Zone Administrator or High Impact Business project manager for them to complete your application.

How will a retailer know when a purchaser has a valid exemption certificate?

When purchasing tax exempt building materials, the purchaser must submit a signed statement to the retailer that contains the certificate number, the zone, the project, and the materials being purchased. Form EZ-1, Building Materials Exemption Certification, contains all necessary information and will be provided to certificate holders when they receive their certificates. Form EZ-1 is also available for download at tax.illinois.gov.

Note: It is the seller's responsibility to verify that the certificate holder's building materials exemption certificate number is valid and active. You can confirm this by visiting our website at tax.illinois.gov and using the Verify Building Materials Exemption Certificates tool.

How long is a certificate valid?

A maximum of two years.

When will contractors and other entities have to begin using Department of Revenue-issued certificates?

July 1, 2013

Are unexpired certificates issued by Zone Administrators before July 1, 2013 still valid after July 1, 2013?

No. Only certificates issued by the Illinois Department of Revenue are valid beginning July 1, 2013. Any contractor or other entity possessing a valid building materials exemption certificate issued by a Zone Administrator, must apply for a new certificate from the Department of Revenue for the project.

What are the penalties for misuse of an exemption certificate?

Certificate holders are responsible for ensuring that their certificates are used only to make qualified purchases. A certificate holder who uses the certificate or allows it to be used to improperly avoid tax will be assessed taxes and penalties on the purchase, an additional monetary penalty equal to the state and local sales taxes on the purchase, and may be barred from securing certificates for other projects.

INFORMATION REQUIRED FOR PROJECT MANAGER TO APPLY FOR EXEMPTION CERTIFICATE

NAME OF THE ENTERPRISE ZONE TAYLORVILLE/CHRISTIAN

ADDRESS (or location) OF THE PROJECT _____

THE ESTIMATED AMOUNT OF THE EXEMPTION BASED ON THE PERCENTAGE OF THE CONTRACT THAT CONSISTS OF MATERIALS _____

FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN) OR APPLICANT ID

NAME OF CONSTRUCTION CONTRACTOR _____

ADDRESS _____

Email address _____

OTHERS SEEKING A CERTIFICATE

NAME _____

ADDRESS _____

Email address _____

NAME _____

ADDRESS _____

Email address _____

NAME _____

ADDRESS _____

Email address _____

NAME _____

ADDRESS _____

Email address _____

Enterprise Zone Certification Fee

Approved Enterprise Zone projects requesting a sales tax exemption or property tax abatement, will be subject to a fee of 1/2% of the total construction material costs included on the sales tax exemption form. The fee will be due prior to the issuance of the sales tax exemption certificate by the Zone Administrator and a summary of construction materials costs must be provided to the Zone Administrator with the application.

Sales Tax Exemption

A point-of-sale tax exemption is available on building materials incorporated into real estate in the Taylorville/Christian County Enterprise Zone. The exemption applies to building and construction materials used for remodeling, rehabilitation or new construction.

Construction must be of the nature that a building permit would be required. A completed exemption form with original signatures must be submitted to the Zone Administrator prior to the start of the project.

In addition to the completed exemption form, the applicant must submit a copy of the approved building permit issued by the City of Taylorville, Christian County, or other applicable local unit of government. The Administrator will verify that the project is eligible and located within the Zone boundary.

The City, County and State exemptions provide a full abatement of sales tax on construction materials. Companies undertaking projects in the Enterprise Zone are encouraged to purchase building materials locally and to use local labor.

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

Each retailer, who makes a qualified sale of building materials to be incorporated into real estate by remodeling, rehabilitation or new construction in the Taylorville/Christian County Enterprise Zone, 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 or authorized designee of the Taylorville/Christian County Enterprise Zone.

The Certificate of Eligibility for Sales Tax Exemption must contain:

- a statement that the building project identified in the Certificate meets all the requirements for the building material exemption of the Taylorville/Christian County Enterprise Zone;
- the location or address of the building project; and
- the signature of the administrator or authorized designee of the Taylorville/Christian County Enterprise Zone.

In addition, the retailer must obtain certification from the purchaser that includes:

- a statement that the building materials are being purchased for incorporation into real estate located in the Taylorville/Christian County Enterprise Zone;
- the location or address of the real estate into which the building materials will be incorporated;
- the name of the enterprise zone – Taylorville/Christian County Enterprise Zone - in which that real estate is located;
- a description of the building materials being purchased; and
- the purchaser's signature and date of purchase.

The ordinance that governs the enterprise zone into which the building materials will be incorporated may neither require nor prohibit the purchase of building materials from any retailer or class of retailers in order to qualify for the exemption.

Do all retailers offer a point of sale exemption?

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.

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

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.