

## ***ENTERPRISE ZONE INCENTIVES***

### **State of Illinois INCENTIVES**

*Illinois offers a number of incentives to stimulate enterprise zone development.*

**Investment Tax Credit:** A 0.5 percent credit against the state income tax is offered to taxpayers making investments in qualified property located in an enterprise zone. The enterprise zone credit is in addition to the existing 0.5 percent investment tax credit against the personal property replacement tax available throughout Illinois.

### **Income Tax Deductions**

- A financial institution may deduct the amount of interest received from loans for development in enterprise zones.
- Taxpayers can deduct dividends paid by a business, which conducts substantially all of its operations in a zone or zones.
- A business may receive a deduction at double the value of a cash or in-kind contribution to a designated zone organization (approved community organization) operating an approved project to enhance the enterprise zone.

**Sales Tax Exemption:** A 6.0 percent state sales tax exemption is permitted on building materials used in the enterprise zones.

**EZ Machinery and Equipment Exemption:** For a business enterprise that is certified by the Department as making an investment that either creates a minimum of 200 full-time equivalent jobs or retains a minimum of 2,000 full-time jobs, a 6 ¼ percent state sales tax exemption is available on all tangible personal property which is used or consumed within an enterprise zone in the process of the 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 process of manufacturing or assembling tangible personal property for whole sale or retail sale, or lease, and equipment, manufacturing fuels, material and supplies for the maintenance, repair or operation of such manufacturing or assembling machinery or equipment.

**EZ Pollution Control Facilities Exemption:** For a business enterprise that is certified by the Department as making an investment in a zone that either creates a minimum of 200 full-time equivalent jobs or retains a minimum of 2,000 full-time jobs, a 6 ¼ percent state sales tax exemption is available on tangible personal property used or consumed in the operation of pollution control facilities.

**Job Tax Credit:** The Enterprise Zone Job Tax Credit allows a business a \$500 corporate tax credit for each job created in the zone for which a certified “dislocated worker,” as defined by the Job Training Partnership Act, is hired. A minimum of five workers must be hired by the taxpayer during the taxable year to qualify for the credit. (Effective for persons hired on or after January 1, 1986.)

**Illinois Development Finance Authority:** IDFA has the authority to issue \$100 million of bonds to finance private industry projects that create or retain jobs in enterprise zones.

### **City of Moline INCENTIVES**

*Local governments may use an array of incentives to encourage development in enterprise zones:.*

- Local sales tax relief on building material purchases
- Waiver of building permit and certain other fees.
- Streamlining of local regulations and procedures to stimulate development
- Targeting of local resources and applicable federal programs
- Homesteading and shopsteading programs
- Local financing programs.