Springfield/Sangamon County Enterprise Zone

The Springfield/Sangamon County Enterprise Zone is a state and local partnership jointly administered by the Illinois Department of Commerce and Economic Opportunity, City of Springfield and Sangamon County.

The Enterprise Zone offers a mix of local and state incentives primarily to help retain, expand and attract business to the City of Springfield & Sangamon County.

Various tax credits, exemptions and property tax abatements are offered in order to encourage job creation, capital investment as well as reduce operating and construction cost.

The Springfield/Sangamon County Enterprise Zone will expire on December 31, 2030.

City of Springfield Office of Planning & Economic Development

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Enterprise Zone Benefits

Sales Tax Deduction

All building materials purchased and physically incorporated into the new construction or rehabilitation of a building located within the Springfield/Sangamon County Enterprise Zone are exempt from all sales tax provided that a building permit is Required as well as a completed project and Contractor application form (Addendum A & B). A Certificate of Eligibility for Sales Tax Exemption is required and may be obtained from the Office of Planning and Economic Development following the issuance of a building permit. The Certificate of Eligibility must be presented to the retailer from which building materials are purchased. Please contact Jessica Weitzel to verify an address is in the Enterprise Zone and to obtain a Certificate of Eligibility.

If an applicant request for certification for a project that does not require a building permit according to the regulations, ordinances and resolutions of the City of Springfield, the Zone Administrator may still approve a Certificate of Eligibility in certain circumstances.

Certificate Holder Reporting Requirements

Businesses and individuals who have received a Building Materials Exemption Certificate must annually report to the Illinois Department of Revenue. Reports are due no later than May 31 of each year and shall cover the previous calendar year. Failure to report data may result in ineligibility to receive incentives. For more information on reporting requirements, visit the FAQ pages on the Department of Revenue's; www.tax.illinois.gov.

Property Tax Abatement

New construction or rehabilitation of property located in the Enterprise Zone may qualify for a property tax abatement of the City or Sangamon County portion of real estate taxes based on the increase in assessed value of property due to the improvements. No abatement shall include both Sangamon County and City of Springfield real property taxes. Property located in a Tax Increment Finance District is not eligible for property tax abatement according to state guidelines.

In order to receive property tax abatements, the Springfield/Sangamon County Enterprise Zone Administrator must receive a formal written request for the abatement of the property and the request must be approved by the Enterprise Zone Administrator. The formal written request includes submission of a completed Project Application Form (Addendum A). Entities receiving property tax abatements within unincorporated Sangamon County for eligible projects must agree to maintain a minimum of 90% of the employment levels at that location as described in the written request. Entities must also meet the required increase in assessed valuation as a result of the project in the form of a notice of Assessment Change from the Sangamon County Supervisor of Assessments Office or similar documentation as deemed appropriate by the applicable Springfield/Sangamon County Enterprise Zone Administrator.

City- Targeted Inducement Eligible Criteria

1. *Industrial* or *Manufacturing Projects* and other businesses that fall within the North American Industry Classifications Sector 31-33 and all sub-sectors therein.
2. *Large Business Projects*, defined as projects with new capital investments of $10 million or more/and or create 100 or more new full-time jobs.
3. *Healthcare* with the specific NAICS sub-sectors of Outpatient Care Centers, Medical and Diagnostic Laboratories, and General Medical and Surgical Hospitals.
4. *Professional, Scientific*, and *Technical Services* including computer programming services, computer system design services, and research and development in the physical, engineering and life sciences.

The targeted inducement for specified projects will be 100% abatement of the city's portion of the taxes for 5 years.

City- General Inducement Criteria

All projects that result in over $25,000 in increased assessed value and fall within one of the following categories:

1. Commercial and Industrial projects that do not meet the Targeted Inducement Criteria
2. Single Family and Multi-Family residential projects

The General Inducement for these projects are abated on a sliding scale of 100% the first year, 75% second year and 50% the third year

City-Area Impact Inducement Criteria:

All projects that result in over $25,000 in increased assessed value and are located within one of the City's Community Development Block Grant Treatment Areas and Enterprise Zone will receive a 100% abatement on the City portion of the increase valuation dependant upon the timing of the final assessment but no later than December 31, 2030

Sangamon County Property Tax Abatement:

Eligible Sangamon County Projects will be abated for ten years or until expiration/termination of the Springfield-Sangamon County Enterprise Zone. The following abatement schedule shall be followed:

- For taxes levied in the first five years of abatement: 100%
- For taxes levied in the second five years of abatement: 50%

Sangamon County Criteria:

Property located in unincorporated Sangamon County and within the boundary of the Enterprise Zone, as certified by the Department, and upon which new improvements with a value in excess of $100,000.

Property Tax Abatement Overall Condition. In no event shall any abatement of taxes on any parcel exceed the amount attributable to the construction of the improvements or the renovation or rehabilitation or existing improvements on such parcel.

State Benefits

Investment Tax Credit

A state investment tax credit of 0.5 percent is allowed a taxpayer who invests in qualified property in an enterprise zone. This credit is in addition to the regular 0.5 percent investment tax credit that is available throughout the state.
The investment tax credit for qualified property refers to property that is new or used, including buildings and structural components of buildings. The property must be used in the enterprise zone by the taxpayer. The property must not have been previously used in Illinois by the taxpayer. The credit shall be allowed for the year in which the property was placed in service. If the credit exceeds the tax liability for that year, such excess may be carried forward and applied to the tax liability of the five taxable years following the excess credit year. If there is additional credit from subsequent investments in qualified property, the credit accruing first in time shall be applied first.

Machinery & Equipment Tax Exemption

The "Illinois Retailer Occupational Tax Act" authorizes eligible businesses a state sales tax exemption for tangible personal property to be 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 and equipment, manufacturing fuels, materials, lubricants, abrasives, and other materials and supplies for the maintenance, repair, or operation of machinery, equipment, and pollution control devices. Eligibility is based upon the business being located within an enterprise zone and making an investment of $5 million and creating a minimum of at least 200 full time equivalent jobs, or making an investment of $40 million and retaining 2,000 full time equivalent jobs, or 90% of the full time jobs that were in place on the date the exemption was granted.

Utility Tax Exemption

A state utility tax exemption on gas, electricity and the Illinois Commerce Commission's administrative charge is available to businesses in enterprise zones. Eligible businesses must make an investment of at least $5 million and create a minimum of 200 full time equivalent jobs in Illinois, or an investment of $20 million that retains at least 1,000 full time equivalent jobs in Illinois. The majority of the jobs created must be located in the enterprise zone where the investment occurs.

Enterprise Zone Boundary Amendments

Additions to the Springfield/Sangamon County Enterprise Zone may be considered under special and unique circumstances, the Enterprise Zone Administrator will consider extending the Zone boundaries for qualified projects. This process is subject to the approval the; Sangamon County Board , the Springfield City Council and the State of Illinois, Department of Commerce and Economic Opportunity. Boundary amendment requests may be subject to an application fee.