

MID AMERICA ENTERPRISE ZONE

Parts of Lebanon, Mascoutah, O'Fallon, Shiloh and
Unincorporated St. Clair County

Enterprise Zone Procedure & Incentive Guide
&
Enterprise Zone Program Tax Questions and Answers
2025-2026

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ENTERPRISE ZONES

The Illinois Enterprise Zone Act took effect December 7, 1982 and significant changes were enacted in August 2012. 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.

Enterprise zones range from a half square mile to twenty square miles.

MID AMERICA ENTERPRISE ZONE

The Mid America Enterprise Zone was originally certified by the State of Illinois on January 1, 2000. The Zone is a tool used to encourage economic development. The Mid America Enterprise Zone incentives are established by state legislation and local ordinance.

The information in this Guide provides further information on which projects might qualify for the Mid America Enterprise Zone as well as further information on the incentives potentially available.

The enterprise zone program tax questions and answers within this Guide are published by the Illinois Department of Commerce and Economic Opportunity (DCEO) and summarize the most often asked questions on the tax benefits offered through the Enterprise Zone Program.

The contents and procedures outlined in this Guide dated January 2020 supersede all previous versions of this document

SALES TAX EXEMPTION (A project application for exemption is attached to this document)

As of 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.

Enterprise Zone participants have been granted an exemption of the State, City and County sales tax. Sales tax is exempted on building materials incorporated permanently into real estate located in the Mid America Enterprise Zone.

Notwithstanding any other provision hereof, nothing in this Section shall be construed to exempt any such sale from the transit "Sales Tax" levied by the County of St. Clair.

In order to receive this exemption, building materials must be used for remodeling, rehabilitation or permanent new construction of commercial property. Construction must be of the nature that a building permit would be required. A completed exemption form must be submitted to the Zone Administrator prior to the start of the project.

If an applicant requests certification for a project that does not require a building permit according to the rules, regulations, ordinances and resolutions in force, the Zone Administrator may still approve an exemption certificate in certain circumstances. Documentation from the Village of Lebanon, City of Mascoutah, City of O'Fallon, Village of Shiloh or St. Clair County that a permit is not required must be submitted to the Zone Administrator for review and consideration by the contractor or business seeking the exemption. In addition to the completed exemption form, the applicant must submit a copy of the approved building permit or

documentation that a permit is not required, issued by St. Clair County or applicable local unit of government. The Administrator will verify the project is eligible and located within the Zone boundary.

Residential properties located in the Mid America Enterprise Zone are not eligible for sales tax exemption.

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 in the Mid America Enterprise Zone 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 located in the zone for which a Certificate of Eligibility for Sales Tax Exemption has been issued by the Illinois Department of Revenue (IDOR). 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 Illinois Department of Revenue.

Contractors and other entities participating in a real estate construction, rehabilitation, or renovation project in the zone and seeking an exemption certificate must apply through the Zone Administrator. The Zone Administrator will provide the information to IDOR for an exemption certificate. Certificate holders are responsible for ensuring that their certificates are used only to make qualified purchases.

The Certificate of Eligibility for Sales Tax Exemption must contain:

- project name and address of the construction contractor or other entity;
- the name and number of the enterprise zone;
- Enterprise Zone Building Materials Exemption Certificate number issued to the purchaser by IDOR
- the name and location or address of the building project in the enterprise zone;
- the periods of time over which supplies for the project are expected to be purchased;
- employment information (job creation);
- 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.

ENTERPRISE ZONE FEES

Approved Enterprise Zone projects requesting a sales tax exemption, will be subject to a fee of one half percent (0.5%) of the total construction material costs included on the sales tax exemption form. The fee will be due upon 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 at the same time and no fee shall exceed \$50,000.

ENTERPRISE ZONE BOUNDARY AMENDMENTS

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 of the Enterprise Zone Management Board and the State of Illinois.

PROPERTY TAX INCENTIVES

What is the enterprise zone property tax abatement incentive? 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. Minimum \$10,000 investment required for eligibility.

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

If property tax abatement is authorized, are new improvements made to property located within a zone assessed? Yes. By law, every time property is improved, it is reassessed.

What is the process for obtaining these incentives? For tax abatement, contact local zone administrators to find out if abatements are available in their zone. Property tax abatements and require taxpayers to apply or give some formal notice **before** beginning construction. Contact the local zone administrator, as early as possible to assure that eligibility is not denied due to tardy notice.

How do these incentives affect the multiplier? They don't. The multiplier or equalization factor is the application of a percentage increase or decrease, generated by the Illinois Department of Revenue, in order to adjust assessment levels in various counties to the same percentage of full value. Multipliers are not affected by the enterprise zone property tax abatement provision or by county assessment reductions.

Does the abatement of taxes on improvements in an enterprise zone affect the tax rate? Yes, however in most cases the effect will be marginal. Tax rates depend on the levy (amount of tax revenue the local government is raising) and the size of the tax base (total equalized assessed valuation of the district less homestead exemptions, plus the value of any State assessed property). Under normal circumstances, the tax rate for a district is calculated by dividing the district's tax levy by its tax base. The greater the tax base, the lower the rate needed to generate the amount of the levy. Under the Enterprise Zone Program, the value of abated property is subtracted from the tax base prior to the calculation of the tax rate. In most cases, the tax base is large enough and the enterprise zone abatements are low enough that the overall effect is negligible.

Can property tax be abated in a tax increment-financing district (TIF)? No. Tax increment financing is a financing technique that cities may use to pay for public improvements such as land assemblage, building

demolition, utilities, streets, and sidewalks. Property owners in the project area do pay their full share of taxes. Taxes generated by the increase in assessed valuation -- the tax increment -- go into a special allocation fund used to pay the bonds, which financed the public improvement costs. This financing method is not a tool to speculatively prepare for development -- tax increment financing requires an advance commitment by a developer to a project. TIF districts may be included in the legal description of the zone and may receive other tax incentives and benefits but property tax abatement thru the EZ is excluded.

Property tax abatement is, however, a tool that is used for development. It is not a financing technique.

The Revenue Act provides that any agreeing taxing district, upon a majority vote of its governing authority, may order the county clerk to abate any portion of its taxes on improvements made to real property located in a zone. The increase in assessed valuation due to new construction, rehabilitation or renovation is not taxed for the term of the abatement as set by local ordinance.

Am I automatically entitled to 100 percent abatement? No. You must apply; eligibility criteria and abatement formulas are established by local ordinance and vary with the zone. Contact the zone administrator to determine the participating entities for the abatement, the number of years of abatement, and the classes of real property eligible for abatement. Mid America Enterprise Zone tax abatement rate provides 100% abatement for 7 years; 70% on year 8; 40% on year 9 and 10% on year 10, from participating taxing districts. Abatement is based on the value of the improvements and will begin for the assessment year in which improvements are completed. Abatement is for commercial property only, no residential.

**Please visit the Illinois Department of Revenue/Illinois Department of Commerce and Economic Opportunity websites
For possible additional incentives available.**

<https://tax.illinois.gov/businesses/incentives.html>

<https://dceo.illinois.gov/businesshelp.html>

Mid America Enterprise Zone

For Zone Certified Areas in Lebanon, Mascoutah, O'Fallon, Shiloh, and the unincorporated area of St. Clair County

PROJECT APPLICATION

Project # (assigned by enterprise zone office): _____

Please Print:

Name of Business applying for Enterprise Zone designation:

Enterprise Zone project address: _____

City, State, Zip: _____

Owner or Contact Person: _____ Phone: _____

Email address: _____ Fax: _____

Tax mailing address: _____

Business Owner *(if different than contact)*

Name of Individual or Company: _____

Address: _____ Phone: _____

City, State, Zip: _____

Type of Business: _____ Commercial _____ Industrial

Product(s) or Service(s): _____

Building Permit (must supply permit copy):

Grantor: _____ Number _____ Date _____

Estimated Date of Project Start: _____ **Estimated Completion Date:** _____

Date must not be earlier than certificate date

Estimated Cost of Project: (A copy of the approved Building Permit must accompany this Application before the Certification will be issued. Amounts for 3 and/or 6 must coincide with building permit)

- 1) Building Materials Cost for Remodeling: \$ _____
- 2) Est. Cost of Labor for Remodeling project: \$ _____
- 3) Total cost of Remodeling (1 & 2) \$ _____
- 4) Building Materials Cost for New Construction: \$ _____
- 5) Est. Cost of Labor for New Construction: \$ _____
- 6) Total Cost of New Construction (4 & 5) \$ _____
- 7) Cost of Capital Equipment: \$ _____
- 8) Cost of Site (purchase & preparation): \$ _____
- 9) Total Cost of Building Materials (1 & 4) \$ _____
- 10) Total Cost of Labor (2 & 5) \$ _____
- 11) TOTAL PROJECT COST (7 & 8 & 9 & 10) \$ _____

Enterprise Zone Fee due with application:

Cost of building materials (#9) x .005 = _____ (EZ Fee per 20 ILCS 655/8.2/c.\$50,000cap)

Job Creation:

- Employees Retained(if applicable) due to this project (means the number of documented jobs that will remain in the zone when it can be publicly documented the business would close operations, without enterprise zone benefits: _____
 (# must be greater than 0)
- Estimated Number of Full Time Equivalent Jobs created at business site (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 including construction jobs or spinoff jobs that may be created): _____ (# must be greater than 0)
- Estimated Number of Full-time Equivalent Construction Jobs working at project site: _____ (#must be greater than 0).

General Description of Proposed Project: (Include any rehabilitation/remodeling of existing structures, new construction, major paving or new equipment. (Use an additional sheet if necessary)

Permanent Parcel Number(s) of project location: _____

Will a new Parcel ID number be created after development, if so, what is it _____
 (Owner must submit land deeds and notify administration if a parcel number is split. If administrator is not notified no abatement will be given for missed parcel.)

Are you requesting tax abatement, if eligible? _____ Yes _____ No

Does project involve a move from another location? _____ Yes _____ No

If yes, indicated city and state: _____

NAICS Code: (6 digit industry code) _____

Link to the NAICS codes: <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2007>

Federal Employment Identification Number (FEIN) (nine digits) _____

IL Dept. of Revenue Applicant ID number _____

Project Representative: _____

Signature of Project Representative Title Date

NOTE: A COPY OF THE APPROVED BUILDING PERMIT, PARCEL NUMBER(S), CONTRACTOR INFORMATION AND THE ENTERPRISE ZONE APPLICATION FEE MUST ACCOMPANY APPLICATION BEFORE PROJECT WILL BE APPROVED TO GO FORWARD WITH SALES TAX EXEMPTION APPLICATION TO THE ILLINOIS DEPARTMENT OF REVENUE.

DO NOT ORDER OR PURCHASE BUILDING MATERIALS BEFORE YOUR SALES TAX CERTIFICATE IS ISSUED. ALL INFORMATION REQUESTED ON THE SALES TAX EXEMPTION APPLICATION FORM MUST BE COMPLETED. THIS IS REQUIRED BY STATE LAW.

(To be filled in by Enterprise Zone Administrator)

Application: Received _____

Certification: Requested through IDOR _____

Signature of Enterprise Zone Administrator Date Fee Paid _____

**Please submit project application to:
Christina Anderson, Program Manager & Zone Administrator
St. Clair County Intergovernmental Grants Department
19 Public Square, Suite 200
Belleville, IL 62220
Direct: 618.825.3218 Fax: 618.236.1190
E-Mail: Christina.Anderson@co.st-clair.il.us**

***Checks for Enterprise Zone fee should be made payable to:
St. Clair County Economic Development.**

INFORMATION ON EACH CONTRACTOR OR OTHER ENTITY THAT PURCHASES BUILDING MATERIALS TO BE INCORPORATED INTO REAL ESTATE WITHIN THIS STATE CERTIFIED ENTERPRISE ZONE BY REHABILITATION, REMODELING OR NEW CONSTRUCTION, MUST COMPLETE THE REQUIRED FORM PROVIDED TO RECEIVE THE SALES TAX EMEMPTION CERTIFICATE FROM THE ILLINOIS DEPARTMENT OF REVENUE. (Please make as many copies of the contractor form as needed).

PROJECT NAME: _____

CONTRACTOR INFORMATION

Contractor _____

Trade _____

Owner _____

Mailing Address _____

City: _____ State _____ Zip _____

Country _____

Phone Number _____ or Cell Phone _____

E-Mail Address _____

Tax Mailing Address _____

Federal Employer Identification Number (FEIN) _____

Illinois Unemployment Insurance Number (UIN) _____

Illinois Department of Revenue Applicant ID #: _____

Number of workers projected at project site: _____

Estimated Project Start Date: _____

Estimated Project Completion Date: _____

Building Materials Exemption

Contract Amount _____

Estimated average tax rate _____

Percentage of contract that consists of building materials qualifying for exemption _____

Estimated dollar amount of exemption for purchase materials _____

Contractor Signature

Date
