



## Urbana Enterprise Zone

### Overview of Incentive Programs

*The Enterprise Zone is administered in partnership with Champaign County. Many local taxing partners also participate in the abatement of local property taxes.*

The purpose of the Enterprise Zone is to stimulate economic growth and neighborhood revitalization in economically depressed areas of the community. The Urbana Enterprise Zone is designed to encourage investment and reinvestment in declining areas, grow Urbana’s tax base, and promote job growth by encouraging attraction of new businesses and expansion of existing businesses.

### Locally Administered Incentives

The following incentives are available to qualifying projects within the Urbana Enterprise Zone:

- **Sales Tax Exemption Certificate for New Building Materials**

A sales tax exemption is permitted on building materials to be used in an Enterprise Zone on qualifying commercial, industrial and new home construction projects. Materials must be permanently affixed to the property and must be purchased from a qualified Illinois retailer. Sales Tax Exemption Certificates are issued directly by the Illinois Department of Revenue.

- **Property Tax Abatement for Commercial/Industrial Development & Job Creation**

An abatement of property taxes is permitted on the increased property value resulting from new, eligible projects on commercial, industrial and mixed-use properties.\* The project cost must be at minimum \$100,000 to qualify. Mixed use projects consisting of at least 20% commercial square footage are eligible. Additional abatement is offered for projects that create 10 or more full time jobs and even more for projects that create 50 or more jobs. The actual abatement amount is ultimately based on the amount of new property value created by the project.

- **Property Tax Abatement for New Single Family/Duplex Residential Development**

An abatement of property taxes is permitted on the increased property value resulting from new, eligible single family, zero lot-line townhome and duplex residential projects.\* The project cost must be at minimum \$80,000 to qualify. The project must result in the creation of at least one new residential unit. The actual abatement amount is ultimately based on the amount of new property value created by the project.

*\*Please note that properties that are also located in a Tax Increment Finance District are not eligible for a Property Tax Abatement through the Enterprise Zone.*

## **Additional Incentives Administered by the State of Illinois**

The following Enterprise Zone programs are also available to projects located within the Urbana Enterprise Zone. They are administered by the Illinois Department of Commerce and Economic Opportunity (DCEO) and the Illinois Department of Revenue (IDOR). For more information on these programs, please call 217-785-6169 or visit their website at:

<https://www.illinois.gov/dceo/ExpandRelocate/Incentives/taxassistance/Pages/EnterpriseZone.aspx>

- **Enterprise Zone Machinery and Equipment Consumables/Pollution Control Facilities Sales Tax Exemption**

A sales tax exemption on purchases of tangible personal property to be used in the manufacturing or assembly process or in the operation of a pollution control facility within an Enterprise Zone is available. Eligibility is based on a business making an investment in an Enterprise Zone of at least \$5 million in qualified property that creates a minimum of 200 fulltime-equivalent jobs, a business investing at least \$40 million in a zone and retaining at least 2,000 jobs, or a business investing at least \$40 million in a zone which causes the retention of at least 90 percent of the jobs existing on the date it is certified to receive the exemption.

- **Enterprise Zone Utility Tax Exemption**

A state utility tax exemption on gas, electricity and the Illinois Commerce Commission's administrative charge and telecommunication excise tax is available to businesses located in Enterprise Zones. Eligible businesses must make an investment of at least \$5 million in qualified property that creates a minimum of 200 full-time equivalent jobs in Illinois, an investment of \$20 million that retains at least 1,000 full-time-equivalent jobs, or an investment of \$175 million that creates 150 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 Investment Tax Credit**

A state investment tax credit of 0.5 percent is allowed a taxpayer who invests in qualified property in a Zone. Qualified property includes machinery, equipment and buildings. The credit may be carried forward for up to five years. This credit is in addition to the regular 0.5 percent investment tax credit, which is available throughout the state, and up to 0.5 percent credit for increased employment over the previous year.



## Urbana Enterprise Zone

### Local Property Tax Abatement Programs Overview

*The Enterprise Zone is administered in partnership with Champaign County. Many local taxing partners also participate in the abatement of local property taxes.*

The Urbana Enterprise Zone Property Tax Abatement Programs are intended to provide financial incentive to existing and prospective property owners and tenants to make permanent improvements that increase the overall property tax base and expand job opportunities in Urbana.

The City of Urbana Enterprise Zone offers two programs for the abatement of local property taxes:

#### **Property Tax Abatement for New Single Family/Duplex Residential Development**

An abatement of property taxes is permitted on the increased property value resulting from new, eligible single family, zero lot-line townhome and duplex residential projects. The project cost must be at minimum \$80,000 to qualify. The project must result in the creation of at least one new residential unit. The actual abatement amount is ultimately based on the amount of new property value created by the project.\*

#### **Property Tax Abatement for Commercial/Industrial Development & Job Creation**

An abatement of property taxes is permitted on the increased property value resulting from new, eligible projects on commercial, industrial and mixed use properties. The project cost must be at minimum \$100,000 to qualify. Mixed use projects consisting of at least 20% commercial square footage are eligible. Additional abatement is offered for projects that create 10 or more full time jobs and even more for projects that create 50 or more jobs. The actual abatement amount is ultimately based on the amount of new property value created by the project.\*

*Property tax abatements are offered with the support of the following local taxing partners:*

City of Urbana  
Champaign County  
Urbana School District  
Urbana Park District  
Champaign-Urbana Mass Transit District  
Parkland College  
Cunningham Township

*\*Please note that properties that are also located in a Tax Increment Finance District are not eligible for a Property Tax Abatement through the Enterprise Zone.*

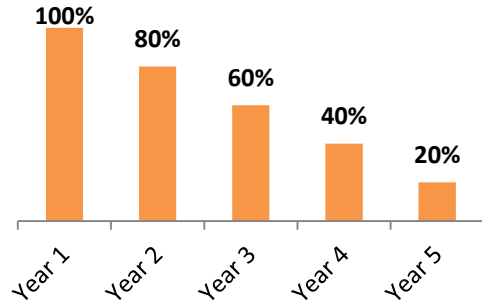


# Urbana Enterprise Zone Property Tax Abatement Programs Overview

This chart provides an overview of the incentives offered for qualifying projects. Note that tax abatements are only offered on the incremental value generated as a result of the project.

## New Single Family/Duplex Residential Development

**Minimum  
\$80,000  
Project  
Amount**

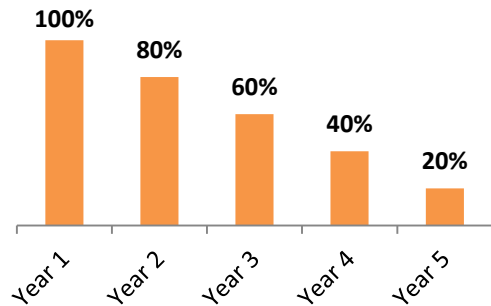


*(Equivalent to a 3-year 100% abatement)*

## Commercial/Industrial Development and Job Creation

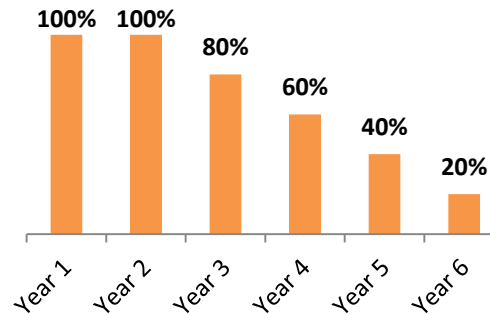
**Minimum  
\$100,000  
Project  
Amount**

### 0-10 Jobs Created



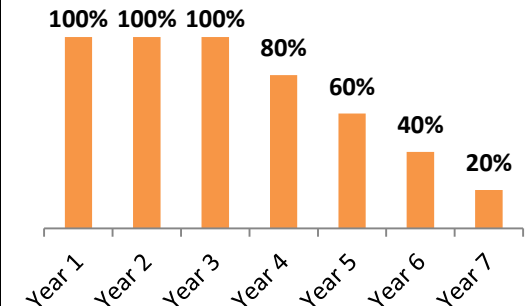
*(Equivalent to a 3-year 100% abatement)*

### 10-49 Jobs Created



*(Equivalent to a 4-year 100% abatement)*

### 50+ Jobs Created



*(Equivalent to a 5-year 100% abatement)*



# Examples of Property Tax Abatements for Residential, Commercial and Industrial Projects

*The following examples attempt to illustrate some likely scenarios for property tax abatements given a variety of project types, investment levels and job creation.*

## Example 1

### New Single Family Home on an Undeveloped Lot

This project would qualify for an effective 3-year, 100% abatement of taxes on the increased property value for each district except Parkland distributed over a 5 year period.

Project Construction Cost	\$120,000
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	Market Value	EAV
Initial Land Value	\$20,000	\$6,667
Increase in Assessed Market Value	\$80,000	\$26,667
<b>Land and Building Value after Project</b>	<b>\$100,000</b>	<b>\$33,333</b>

	2013 Tax Rate	Over a 5 Year Period*		
		Taxes on Full Value	EZ Abatements	Taxes after EZ
School District	5.763	\$9,605	(\$4,610)	\$4,995
City of Urbana	1.355	\$2,258	(\$1,084)	\$1,174
Champaign County	0.8511	\$1,419	(\$681)	\$738
Urbana Park District	1.1816	\$1,969	(\$945)	\$1,024
Parkland College	0.5253	\$876	\$0	\$876
CUMTD	0.3198	\$533	(\$256)	\$277
Cunningham Township	0.2472	\$412	(\$198)	\$214
<b>Total Taxes Paid Over 5 Years*</b>		<b>\$17,072</b>	<b>(\$7,774)</b>	<b>\$9,298</b>
<b>Total Taxes Paid Over 10 Years*</b>		<b>\$34,143</b>	<b>(\$7,774)</b>	<b>\$26,369</b>

\*All tax calculations use Revenue Year 2013 tax rates and assume the same rate in future years. Examples also do not include adjustment for common property tax exemptions such as the Homestead Exemptions.

## Example 2

### Commercial Building Expansion with 3 New Jobs

This project would qualify for an effective 3-year, 100% abatement of taxes on the increased property value for each district distributed over a 5 year period.

Project Construction Cost	\$200,000
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	Market Value	EAV
Initial Land and Building Value	\$200,000	\$66,667
Increase in Assessed Market Value	\$100,000	\$33,333
<b>Land and Building Value after Project</b>	<b>\$300,000</b>	<b>\$100,000</b>

	2013 Tax Rate	Over a 5 Year Period*		
		Taxes on Full Value	EZ Abatements	Taxes after EZ
School District	5.763	\$28,815	(\$5,763)	\$23,052
City of Urbana	1.355	\$6,775	(\$1,355)	\$5,420
Champaign County	0.8511	\$4,256	(\$851)	\$3,404
Urbana Park District	1.1816	\$5,908	(\$1,182)	\$4,726
Parkland College	0.5253	\$2,627	(\$525)	\$2,101
CUMTD	0.3198	\$1,599	(\$320)	\$1,279
Cunningham Township	0.2472	\$1,236	(\$247)	\$989
<b>Total Taxes Paid Over 5 Years*</b>		<b>\$51,215</b>	<b>(\$10,243)</b>	<b>\$40,972</b>
<b>Total Taxes Paid Over 10 Years*</b>		<b>\$102,430</b>	<b>(\$10,243)</b>	<b>\$92,187</b>

\*All tax calculations use Revenue Year 2013 tax rates and assume the same rate in future years. Examples also do not include adjustment for common property tax exemptions such as the Homestead Exemptions.

### Example 3

#### New Commercial Building on Undeveloped Lot with 11 New Jobs

This project would qualify for an effective 4-year, 100% abatement of taxes on the increased property value for each district distributed over a 6 year period.

Project Construction Cost	\$700,000
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	Market Value	EAV
Initial Land and Building Value	\$50,000	\$16,667
Increase in Assessed Market Value	\$400,000	\$133,333
<b>Land and Building Value after Project</b>	<b>\$450,000</b>	<b>\$150,000</b>

	2013 Tax Rate	Over a 6 Year Period*		
		Taxes on Full Value	EZ Abatements	Taxes after EZ
School District	5.763	\$51,867	(\$30,736)	\$21,131
City of Urbana	1.355	\$12,195	(\$7,227)	\$4,968
Champaign County	0.8511	\$7,660	(\$4,539)	\$3,121
Urbana Park District	1.1816	\$10,634	(\$6,302)	\$4,333
Parkland College	0.5253	\$4,728	(\$2,802)	\$1,926
CUMTD	0.3198	\$2,878	(\$1,706)	\$1,173
Cunningham Township	0.2472	\$2,224.80	(\$1,318)	\$906
<b>Total Taxes Paid Over 6 Years*</b>		<b>\$92,187</b>	<b>(\$54,629)</b>	<b>\$37,558</b>
<b>Total Taxes Paid Over 10 Years*</b>		<b>\$153,645</b>	<b>(\$54,629)</b>	<b>\$99,016</b>

\*All tax calculations use Revenue Year 2013 tax rates and assume the same rate in future years. Examples also do not include adjustment for common property tax exemptions such as the Homestead Exemptions.

## Example 4

### New Industrial Building on Undeveloped Lot with 50 New Jobs

This project would qualify for an effective 5-year, 100% abatement of taxes on the increased property value for each district distributed over a 7 year period.

Project Construction Cost	\$2,000,000
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	Market Value	EAV
Initial Land and Building Value	\$75,000	\$25,000
Increase in Assessed Market Value	\$925,000	\$308,333
<b>Land and Building Value after Project</b>	<b>\$1,000,000</b>	<b>\$333,333</b>

	2013 Tax Rate	Over a 7 Year Period*		
		Taxes on Full Value	EZ Abatements	Taxes after EZ
School District	5.763	\$134,470	(\$88,846)	\$45,624
City of Urbana	1.355	\$31,617	(\$20,890)	\$10,727
Champaign County	0.8511	\$19,859	(\$13,121)	\$6,738
Urbana Park District	1.1816	\$27,571	(\$18,216)	\$9,354
Parkland College	0.5253	\$12,257	(\$8,098)	\$4,159
CUMTD	0.3198	\$7,462	(\$4,930)	\$2,532
Cunningham Township	0.2472	\$5,768	(\$3,811)	\$1,957
<b>Total Taxes Paid Over 7 Years*</b>		<b>\$239,003</b>	<b>(\$157,913)</b>	<b>\$81,090</b>
<b>Total Taxes Paid Over 10 Years*</b>		<b>\$341,433.33</b>	<b>(\$157,913)</b>	<b>\$183,520</b>

\*All tax calculations use Revenue Year 2013 tax rates and assume the same rate in future years. Examples also do not include adjustment for common property tax exemptions such as the Homestead Exemptions.





## Property Tax Abatement for New Single Family/Duplex Residential Development

The Property Tax Abatement for New Single or Two Family Residential Development is designed to assist owners in building residential homes within the Urbana Enterprise Zone. The benefit is given in the form of an abatement of local property taxes on the increased value of the structure resulting from the construction of a new residence.

### Eligibility

- The project must create a new, single or two family residential structure
- Eligible structures include:
  - Stand-alone single or two family residences
  - Townhome or other zero-lot line single family residences
- Total project construction cost must be at least \$80,000 as indicated on the building permit submitted to the City of Urbana or the Champaign County Enterprise Zone application

**Participating Tax Partners:** *City of Urbana, Champaign County, Urbana School District, Urbana Park District, Champaign-Urbana Mass Transit District, Cunningham Township*

**Property Tax Abatement Schedule:** Taxes will be abated on the increment generated as a result of the project using the following schedule. Property owners will still be responsible for paying the taxes on the pre-project value of the property.

### Minimum \$100,000 Investment

Year 1 Abatement	Year 2 Abatement	Year 3 Abatement	Year 4 Abatement	Year 5 Abatement
100%				
	80%			
		60%		
			40%	
				20%

*(equivalent to a 3-year, 100% abatement)*

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## Property Tax Abatement for Commercial/ Industrial Development & Job Creation

The Property Tax Abatement for Commercial/Industrial Development and Job Creation is designed to assist owners in renovating or constructing new commercial or industrial space for business and employment growth in the City of Urbana. The benefit is given in the form of an abatement of local property taxes on the increased value of the structure resulting from the construction or rehabilitation of a structure.

### Eligibility

- Must be a commercial or industrial structure located in the Enterprise Zone
- Total project construction cost must be at least \$100,000 as indicated on the building permit submitted to the City of Urbana or the Champaign County Enterprise Zone application
- Mixed use projects consisting of at least 20% commercial square footage are also eligible.

**Participating Tax Partners:** *City of Urbana, Champaign County, Urbana School District, Urbana Park District, Champaign-Urbana Mass Transit District, Parkland College, Cunningham Township*

**Property Tax Abatement Schedule:** Taxes will be abated on the increment generated as a result of the project using the following schedule. Property owners will still be responsible for paying the taxes on the pre-project value of the property.

### Minimum \$100,000 Investment

Year 1 Abatement	Year 2 Abatement	Year 3 Abatement	Year 4 Abatement	Year 5 Abatement
100%				
	80%			
		60%		
			40%	
				20%

**Job Creation:** Commercial and industrial projects that result in the creation of full-time jobs are eligible to receive additional property tax abatements. A qualifying full-time job is one that pays at least \$10 per hour (or annualizes to \$18,200).<sup>1</sup> The position must average at least 35 hours of work per week or be a full-time salaried employee. Sole proprietor, partner, and independent contractor positions are not eligible.

**Minimum \$100,000 Investment AND Minimum of 10 Jobs Created**

Year 1 Abatement	Year 2 Abatement	Year 3 Abatement	Year 4 Abatement	Year 5 Abatement	Year 6 Abatement
100%	100%				
		80%			
			60%		
				40%	
					20%

*(equivalent to a 3-year, 100% abatement)*

**Minimum \$100,000 Investment AND Minimum of 50 Jobs Created**

Year 1 Abatement	Year 2 Abatement	Year 3 Abatement	Year 4 Abatement	Year 5 Abatement	Year 6 Abatement	Year 7 Abatement
100%	100%	100%				
			80%			
				60%		
					40%	
						20%

*(equivalent to a 3-year, 100% abatement)*

<sup>1</sup> The Enterprise Zone Administrator will amend the definition of an FTE as needed over the minimum 15 year life of the zone to reflect rises in living wage levels.



## Urbana Enterprise Zone City of Urbana Fee Schedule

This fee schedule applies to projects that are within the City of Urbana corporate boundaries. Additional projects may be subject to this fee if they are required to have a City building permit, must conform to City code, and/or are the subject of an annexation agreement with the City of Urbana.

Service	Description	Fee*
<b>Sales Tax Exemption Certificate</b>	Issuance of all sales tax exemption certificates to property owners, contractors and subcontractors for a project.	0.5% of total construction material costs, not to exceed \$50,000. Free if materials cost is less than \$5,000.
<b>Property Tax Abatement</b>	Annual abatement of property taxes for an eligible project.	5 year abatement: \$250
		6 year abatement: \$600
		7 year abatement: \$700
<b>Enterprise Zone Boundary Amendment</b>	Application to DCEO for extension of the Enterprise Zone to bring property into the Zone for a specific project.	Requests to approve a Boundary Amendment must be approved by City staff prior to fee assessment. 0.5% of estimated total construction material costs, not to exceed \$1,500.

\*A single project's combined enterprise zone fees may not exceed \$50,000 per state statute.

### Examples of Sales Tax Exemption Fees At Given Building Materials Cost Levels

Fees are calculated at 0.5% of total eligible building material costs for the project. Building materials that are eligible for the 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.

Construction Materials Cost of the Project	City of Urbana Enterprise Zone Fee
< \$5,000	Free
\$5,000	\$25
\$10,000	\$50
\$100,000	\$500
\$1 million	\$5,000
\$5 million	\$25,000
≥ \$10 million	\$50,000