

# BUSINESS RESOURCES AND INCENTIVES

## TAX STRUCTURE

### Property Taxes

Property tax is often a major tax expense for a company. Because it is set and administered locally, property tax is seldom comparable from state to state. Not only do tax levies vary widely from one city to another, but the assessment ratio for determining property value differs significantly among the 50 states. Even within one state assuring a uniform assessment practice is very difficult. With that said, the Village of Tilton has one of the lowest tax rates in the region. The Village does not levy a local property tax.

Illinois does not have a statewide property tax. Property is taxed on the local level only, and includes only real property such as land, buildings or permanent facilities. Real property is assessed at 33 1/3% of market value. Illinois does not tax personal property such as automobiles, trucks or boats. Below is an outline of the specific taxing districts and rates in the Village of Tilton.

<b>Taxing District</b>	<b>Rate</b>
County	1.3722
Conservation	0.1168
Township	0.4111
Road & Bridge	0.4111
Library	0.2572
College	0.6193
Schools	4.9746
Airport	0.1025
<b>Total Rate</b>	<b>8.2648</b>

#### **Rates per \$100**

**Real Property.....\$8.26**

Thus a company would pay \$8.26 per \$100 on 33 1/3% of its total real property value.

## LOCAL INCENTIVES

### Tax Increment Financing (TIF)

The Village of Tilton offers assistance through Tax Increment Financing in certain areas of the Village.

Tax Increment Financing is a development tool designed to help finance certain eligible improvements to property in designated redevelopment areas (TIF districts) by utilizing the new, or incremental, tax revenues generated by the project after completion. Upon the creation of a TIF District, the current property values within that district become a base value from which it cannot decrease. Any projects or improvements that cause an

increase in value over that base would create an increment in value, and the incremental tax revenues from that increment in value are paid to a "special allocation fund". The proceeds of the fund are then used to reimburse the developer for eligible project costs or to retire indebtedness incurred to cover those costs. Eligible project costs are the total of all reasonable or necessary costs incurred or estimated to be incurred and any costs incidental to a redevelopment plan or project. Specifically, these costs include, but are not limited to:

- Costs of studies, surveys and plans
- Professional service costs (architectural, engineering, legal, financial, etc.)
- Property assembly costs (acquisition, demolition, clearing and grading)
- Costs of rehabilitating, reconstructing, remodeling of existing structures
- Costs of construction of public works
- Financing costs, including issuance interest and reserves.

Please contact us for more information on the use of this valuable economic development tool.

### **DANVILLE/TILTON/VERMILION COUNTY ENTERPRISE ZONE**

The Village of Tilton offers numerous sites within the Enterprise Zone. Considerable incentives are available through this program.

- **Sales Tax Exemption** - A 6.25 percent state sales tax exemption is permitted on building materials to be used in an Enterprise Zone. Materials must be permanently affixed to the property and must be purchased from a qualified retailer.
- **Enterprise Zone Machinery and Equipment Consumables/Pollution Control Facilities Sales Tax Exemption** - A 6.25 percent state 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.
- **Dividend Income Deduction** - Individuals, corporations, trusts and estates are not taxed on dividend income from corporations doing substantially all their business in an Enterprise Zone.
- **Jobs Tax Credit** - The Enterprise Zone Jobs Tax Credit allows a business a \$500 credit on Illinois income taxes for each job created in the Zone for which a certified eligible worker is hired. The credit may be carried forward for up to five years. A minimum of five workers must be hired to qualify for the credit. The credit is effective for people hired on or after January 1, 1986.
- **Interest Deduction** - Financial institutions are not taxed on the interest received on loans for development within an Enterprise Zone.
- **Contribution Deduction** - Businesses may deduct double the value of a cash or in-kind contribution to an approved project of a designated Zone organization from taxable income.