

Enterprise Zone Program

Short Description

The Illinois Enterprise Zone Program is designed to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state. This is accomplished through state and local tax incentives, regulatory relief, and improved governmental services.

Description

The Illinois Enterprise Zone Act was signed into law December 7, 1982. The purpose of the Act is to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state. Businesses located (or those that choose to locate) in a designated enterprise zone can become eligible to obtain special state and local tax incentives, regulatory relief, and improved governmental services, thus providing an economic stimulus to an area that would otherwise be neglected.

Businesses located or expanding in an Illinois enterprise zone may be eligible for the following incentives: an exemption on the retailers' occupation tax paid on building materials, an investment tax credit of .5 percent of qualified property, and an enterprise zone jobs tax credit for each job created in the zone for which a certified dislocated worker or economically disadvantaged individual is hired. Additional exemptions, such as an expanded state sales tax exemption on purchases of personal property used or consumed in the manufacturing process or in the operation of a pollution control facility and an exemption on the state utility tax for electricity, natural gas and the Illinois Commerce Commission's administrative charge and telecommunication excise tax are available for companies that make the minimum statutory investment that either creates or retains the necessary number of jobs. These exemptions require a business to make application to, and be certified by, the Department. In addition to the state incentives, each zone offers distinctive local incentives to enhance business development projects. Each enterprise zone has a designated zone administrator who is responsible for zone compliance and is available to answer questions regarding the zone. To receive a Certificate of Eligibility for Sales Tax Exemption, you must contact the local zone administrator of the zone into which the purchased building material will be incorporated.

Taken from State of Illinois DCEO website on April 16, 2009.

JOBS TAX CREDIT FAQ

What is the enterprise zone jobs tax credit?

The enterprise zone jobs tax credit 35 ILCS 5/201 offers employers a tax credit on their Illinois income taxes for hiring individuals who are certified as economically disadvantaged or as dislocated workers.

How much is the tax credit?

An employer who conducts a trade or business in an enterprise zone is allowed a credit of \$500 per eligible employee hired to work in a zone during the taxable year. Any unused portion of the credit may be carried forward five years. The credit must be applied to the earliest year for which there is a tax liability.

How do employers qualify for the jobs tax credit?

To qualify for the credit, five eligible employees must be hired in a zone during the taxable year; and, the taxpayer's total employees must increase by five beyond the total employed in the zone at the end of the previous tax year for which a jobs tax credit was taken.

What individuals qualify as eligible employees for the Jobs Tax Credit?

An employee must be: 1) certified eligible for services pursuant to the regulations promulgated in accordance with Title I of the Workforce Investment Act (WIA); 2) employed in an enterprise zone where the employee either works in the zone or the zone is the base of operations for the services performed; and, 3) employed at least 180 consecutive days for 30 or more hours per week.

How do employers obtain jobs tax credit eligible individuals?

An employer should list job openings with the local WIA Local Administrative office, note that the business is within an enterprise zone, and specify that the business seek to hire workers certified as eligible for services pursuant to the regulations promulgated in accordance with Title I of the Workforce Investment Act. If employers have job applicants who have not been referred by the local administrative office, they can offer to determine if they are eligible. Eligible individuals will be issued a Jobs Tax Credit Certification Voucher to present to prospective employers. When a person is hired, the employer keeps the voucher for tax records. That is all the paperwork required.