

Lee-Ogle Enterprise Zone

From: Andy Shaw, Administrator
Lee-Ogle Enterprise Zone
Date: 1/1/2018

RE: Request for Lee-Ogle Enterprise Zone Property Tax Abatement Resolution

As you may be aware, the previous Lee County Enterprise Zone expired on December 31, 2016. Due to legislation passed by the Illinois General Assembly, a new application process was required to allow communities with existing Enterprise Zones and communities to apply for a new Enterprise Zone designation.

The application process was very competitive, and we are pleased to report that the Illinois Enterprise Zone Board approved a new Enterprise Zone to replace the old zone effective January 1, 2017 and lasting up to 25 years (The zone is a minimum 15-year period and there will be a review of our success to be granted the potential 10-year extension).

Our zone region includes Lee County, the City of Dixon, Ogle County and the City of Rochelle. Additions in the City of Amboy and the Village of Mount Morris are pending at this time. It includes properties in city, village and county jurisdiction. A number of local taxing districts have already passed enterprise zone property tax abatement resolutions in support of the local zone. Property tax abatement incentives remain the same in the new Lee/Ogle Zone (at 50% for a 6-year period) as they have been in the old zone.

We ask your taxing district to consider and pass the attached Resolution for Property Tax Abatement applicable to the Lee Ogle Enterprise Zone and participating in our local Zone incentive program. On behalf of the Designating Units of Government, we respectfully request your participation in this important regional economic development initiative.

Competition for jobs is fierce and the Enterprise Zone has helped us recruit new businesses and retain many others over the years thus encouraging growth of the regional economy and helping to keep our area stable. Without the Enterprise Zone and participation from all of our tax districts, we could certainly lose our competitive advantage to other communities and states around us, impacting future investment and job growth.

Please feel free to contact me at 815-625-3854 or andrew.shaw@blackhawkhills.com with any questions or comments. I will gladly meet with your board as you consider this important commitment to the area's economic future. Thank you for your consideration.

309 First Avenue
Rock Falls, IL 61071
815-625-3854

RESOLUTION NUMBER _____

RESOLUTION APPROVING PARTICIPATION
IN THE LEE OGLE ENTERPRISE ZONE
- OREGON COMMUNITY UNIT SCHOOL DISTRICT #220-

WHEREAS, the County of Lee, the City of Dixon, the County of Ogle and the City of Rochelle determined that it was desirable and necessary for the Lee and Ogle County region to apply for a new Enterprise Zone designation for the long-term benefit and economic viability of the area; and,

WHEREAS, the Lee Ogle Enterprise Zone, "the Zone", was approved by the State of Illinois Enterprise Zone Board and certified by the Department of Commerce and Economic Development, "The Department", with the Enterprise Zone designation in effect from January 1, 2017, through December 31, 2031, subject to review by the Enterprise Zone Board after the 13th year of existence for an additional ten-year designation beginning on the expiration date of the Zone; and

WHEREAS, Enterprise Zones provide state and local incentives used to promote the economic growth of the area; to reduce unemployment; and to encourage expansion, rehabilitation, and new construction of structures within the Enterprise Zone; and

WHEREAS, the Designating Units of Government of the Lee Ogle Enterprise Zone are seeking agreement with the Taxing Districts located within the boundaries of the Lee Ogle Enterprise Zone, to abate real property taxes pursuant to requirements in 35 ILCS 200/18-170; and,

WHEREAS, certain boundaries of the **OREGON COMMUNITY UNIT SCHOOL DISTRICT #220** Taxing District lie or will lie in an area within an Enterprise Zone as outlined in "ADDENDUM A" of the designating ordinances and/or amending ordinances, subject to the certification of the Zone by the Department in accordance with the Enterprise Zone Act; and

WHEREAS, the real property tax abatements will apply only to economic development projects meeting specific criteria outlined below; and

WHEREAS, reimbursement provisions will be implemented if recipients of real property tax abatement fail to meet the job creation and/or retention goals and capital investment, as outlined below, and

WHEREAS, **OREGON COMMUNITY UNIT SCHOOL DISTRICT #220** wishes to participate in the Lee Ogle Enterprise Zone real property tax abatement program, in accordance with the Enterprise Zone Act.

NOW, THEREFORE, BE IT RESOLVED BY OREGON COMMUNITY UNIT SCHOOL DISTRICT #220 BOARD OF TRUSTEES,

That **OREGON COMMUNITY UNIT SCHOOL DISTRICT #220** hereby abates real property taxes subject to its jurisdiction, on those properties located within the boundaries of the Lee Ogle Enterprise Zone on which improvements have been constructed, as outlined below:

SECTION 1-TERM. The term of the Zone will be for 15 years commencing on January 1, 2017, and ending at midnight on December 31, 2031, or until such time as the Zone has expired, been decertified by the Department or repealed by the General Assembly or by ordinance of the participating governmental entities, whichever is sooner. After the 13th year, the zone is subject to review by the state Enterprise Zone Board for an additional 10-year designation beginning on the expiration date of the enterprise zone. During the review process, the state Enterprise Zone Board shall consider the costs incurred by the State and units of local government as a result of tax benefits received by the enterprise zone before granting the extension. Upon approval of the state Enterprise Zone Board, the Zone may further be in effect for an additional 10 years beginning January 1, 2032.

SECTION 2 - PROPERTY TAX ABATEMENT. Commencing on or after January 1, 2018, taxes on real property levied by the **OREGON COMMUNITY UNIT SCHOOL DISTRICT #220** shall be abated on property located within the boundary of the Enterprise Zone as certified by the Department and upon which new improvements have been constructed as follows. 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 of existing improvements on such parcel.

A. DEFINITIONS

- 1) "Memorandum of Understanding" or "MOU" as defined herein is the written agreement between the Lee Ogle Enterprise Zone Administrator, on behalf of the Taxing Districts participating in the Lee Ogle Enterprise Zone property tax abatement program, and the Applicant receiving tax abatement. The MOU defines the terms and conditions by which abatement of real estate property tax is authorized, as stipulated in the Designating Ordinances and this Agreement.
- 2) "Project Application" as defined herein is the written application for Lee Ogle Enterprise Zone benefits for "Eligible Project Types," job creation and/or retention, and capital investment projects. The application must be completed by the company seeking benefits (or the company's designated representative) and submitted to the Lee Ogle Enterprise Zone Administrator prior to the initiation of construction for said

project. The Application provides information necessary for the Administrator to verify eligibility for Enterprise Zone benefits including, but not limited to, property tax abatement and Sales Tax Exemption for Construction Materials in conjunction with the Illinois Department of Revenue processes and procedures in effect at the time of the Application.

- 3) "Eligible Project Types" as defined herein are those projects for uses conforming to the codified zoning districts and uses of the Designating Units of Government. The specific zoning districts and types for each of the Designating Units of Government are as listed herein and as may be amended by local ordinance from time to time.
- 4) "Eligible Special Uses, Variations" as defined herein are considered Eligible Project Types when the Special Use or Variation is granted by local ordinance of the controlling Designating Unit of Government.

Village of Mount Morris Districts for Eligible Project Types

- C-1 General Business District
- C-2 Highway Business District
- 1-1 Light Industrial District
- 1-2 General Industrial District

Ogle County Districts for Eligible Project Types:

- B-1 Business District
- B-2 Business Recreational District
- B-3 Restricted Interstate Highway Area Business District
- 1-1 Industrial District
- PD Planned Development District

City of Oregon Districts for Eligible Project Types

- C Commercial/ General Business
- C2 Commercial Highway
- I Industrial District
- RF River Front District

- E) Exclusions - Residential projects, other than commercial multi-family residential project types as set forth in Section 2.E. above, shall be ineligible for any benefits herein established in the Lee Ogle Enterprise Zone.

SECTION 3 - DESIGNATING UNITS OF GOVERNMENT AND TAXING DISTRICTS PROPERTY TAX ABATEMENT POLICIES.

- A) By individual governmental Ordinance or Resolution, each designating unit of government and taxing district for the Lee Ogle Enterprise Zone shall have a uniform property tax abatement policy that follows the terms outlined below.
- B) **Property Tax Abatement** - 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 of existing improvements on such parcel.

1)

That commencing on or after January 1, 2018, taxes on real property levied by the **OREGON COMMUNITY UNIT SCHOOL DISTRICT #220**, whichever is applicable, shall be abated on property located within the boundary of the Enterprise Zone, as certified by the Department, and upon which new improvements have been constructed as follows:

- | | | |
|----|---|-----|
| a) | For taxes levied in the first year of abatement: | 50% |
| b) | For taxes levied in the second year of abatement: | 50% |
| c) | For taxes levied in the third year of abatement: | 50% |
| d) | For taxes levied in the fourth year of abatement: | 50% |
| e) | For taxes levied in the fifth year of abatement: | 50% |
| f) | For taxes levied in the sixth year of abatement: | 50% |

Said abatements shall be for six (6) consecutive years beginning with the real estate taxes payable in the year following the first full year of a facility's commercial operation after which said improvements have been made and fully assessed. Abatement for a specific project will cease after the sixth year or upon expiration, termination or decertification of the Lee Ogle Enterprise Zone, whichever is sooner.

- 2) The above property tax abatements shall be applicable for eligible project types for improvements to real property upon which new construction, improvements, renovation or rehabilitation, for which a building permit is required, and one has been obtained, has been completed after January 1, 2018, and before the expiration, termination or decertification of the Lee Ogle Enterprise Zone, whichever is sooner. Abatement shall only apply to the incremental increase in taxes assessed as a result of the project and its related improvements.
- D) **Eligibility-** Questions as to the eligibility of a project will be decided by the Lee Ogle Enterprise Zone Administrator, with advice and consent of the Lee Ogle Enterprise Zone Advisory Board.
- E) **Abatement Performance Monitoring Process.** Entities meeting qualification criteria outlined above must enter into a Memorandum of Understanding with the Lee Ogle Enterprise Zone through its Enterprise Zone Administrator, outlining projected job creation and/or job retention numbers and capital investment for the eligible Non-Residential-based projects as defined in Section 2 above. Said Administrator is hereby authorized to enter such agreements on behalf of the Lee Ogle Enterprise Zone and its participating taxing districts.
- 1) Entities receiving property tax abatement for eligible projects must agree to maintain a minimum of 75% of the employment levels at that location as described in the Memorandum of Understanding for the term of abatement. At the discretion of the Lee Ogle Enterprise Zone Administrator, with the advice and consent of the Lee Ogle Enterprise Zone Advisory Board, failure to maintain a minimum of 75% of the employment levels during the agreement period may result in the immediate termination of remaining abatement and/or the pro-rata repayment of previously abated real property taxes to the applicable taxing districts.
 - 2) The Administrator of the Lee Ogle Enterprise Zone will annually monitor the performance of the eligible recipients of property tax abatement in order to ensure that job and investment projections outlined in the Memorandum of Understanding are being met.
 - 3) The Lee Ogle Enterprise Zone Administrator will also inform the entity of required enterprise zone-related, state of Illinois reporting requirements. Failure to report Enterprise Zone benefits as required by the Illinois Department of Revenue, and/or other state agencies, as may

be dictated by state statute, may result in termination of all locally designated Lee Ogle Enterprise Zone benefits.

- 4) The Administrator of the Lee Ogle Enterprise Zone, with advice and consent of the Lee Ogle Enterprise Zone Advisory Board, may elect to waive enforcement of any performance measures outlined in the Memorandum of Understanding based on a finding that the waiver is necessary to avert an imminent, demonstrable and material hardship to the entity that may result in such entity's insolvency or discharge of workers.

F) **CONTINUITY OF BENEFITS** - Upon the effective date of this ordinance, all incentives, Enterprise Zone property tax abatements, general property tax abatements and benefits previously offered and in effect within the boundaries of the former Lee County Enterprise Zone #9 shall continue as originally awarded for the term of the newly designated Lee Ogle Enterprise Zone for the following groups:

- 1) Business enterprises which are receiving Enterprise Zone or general property tax abatement benefits or incentives on the effective date of this abatement Resolution; or,
- 2) Business enterprises or expansions which are proposed or under development on the effective date of this abatement Resolution, if the business enterprise demonstrates that the proposed business enterprise or expansion has been committed to locating or expanding in the Zone; or,
- 3) Business enterprises or expansions where substantial or binding financial obligations have been made; and such commitments have been made in reasonable reliance on the benefits and programs which would have previously been available as described in 1) and 2) above.

SECTION 4 - NO ASSIGNMENT OR TRANSFER. Lee Ogle Enterprise Zone property tax abatement shall be specifically granted to the Applicant and may not be re-assigned or transferred without a Written Notice of Transfer Request being submitted to the Lee Ogle Enterprise Zone Administrator. In the event that the Applicant desires to transfer or assign any or all of its ownership of the subject property where the business located thereon, the transferee shall submit correspondence to the Lee Ogle Enterprise Zone Administrator requesting transfer of the abatement to the new owner for the time remaining on the abatement.

The Lee Ogle Enterprise Zone Administrator, with the advice and consent of the Lee Ogle Enterprise Zone Advisory Board, shall review the taxpayer's request to transfer said abatement, and determine the taxpayer's eligibility for such transfer, subject to the terms and conditions of Section 2 above as well as compliance with the Act. The Lee Ogle Enterprise Zone Administrator shall notify the affected taxing districts that such a request has been made and the action taken by the Administrator to address the transfer request.

SECTION 5 -ADMINISTRATION. By agreement of the joint applicants of the County of Lee, the City of Dixon, the County of Ogle and the City of Rochelle, the Administrator of the Lee Ogle

Enterprise Zone will be the CEO/President of the Lee County Industrial Development Association, or other qualified party chosen by the Designating Units of Government. Administration of the Zone will be carried out as described in the Enterprise Zone Intergovernmental Agreement between the County of Lee, the City of Dixon, the County of Ogle and the City of Rochelle.

SECTION 6 -TAX INCREMENT FINANCING DISTRICT OR REDEVELOPMENT AREA OVERLAY. In the event that a Tax Increment Financing (TIF) District or redevelopment district or project area { 20 ILCS 655/5.4.1 } is, will be or has been created by a municipality under Division 74.4 of the Illinois Municipal Code, and said redevelopment project area contains property that is located in an Enterprise Zone, and the municipality adopts an Enterprise Zone Designating Ordinance pursuant to Section 5.4 of the Act specifically concerning the abatement of taxes on property, as in Section 2 above, located within a redevelopment project area created pursuant to Division 74.4 of the Illinois Municipal Code, and the Department certifies the Ordinance, then the property that is located in both the Enterprise Zone and the redevelopment project area shall not be eligible for the abatement of taxes under Section 18-170 of the Illinois Property Tax Code.

SECTION 7 - LOCAL SOURCING STATEMENT. The Board of Trustees of the **OREGON COMMUNITY UNIT SCHOOL DISTRICT #220** encourages companies receiving Enterprise Zone benefits, as provided herein, to utilize local labor and to purchase building materials locally.

SECTION 8 - CONFLICTING LANGUAGE. All Resolutions or parts of Resolutions conflicting with any provisions of this Resolution shall be and are hereby repealed.

SECTION 9- EFFECTIVE DATE. This Resolution shall be in effect from the date of and after its passage, approval and recording by the Illinois Department of Commerce and Economic Opportunity, according to law.

PRESENTED, PASSED, APPROVED AND RECORDED this ____ day of ____ 2018.

SIGNED