

RESOLUTION NUMBER 2018-07

**RESOLUTION APPROVING PARTICIPATION
IN THE MONTGOMERY ENTERPRISE ZONE
Village of Donnellson**

WHEREAS, the County of Montgomery, Illinois; and the Cities of Coffeen, Hillsboro, Litchfield, Nokomis and Witt, Illinois; and the Villages of Butler, Coalton, Donnellson, Irving, Raymond, Schram City, and Taylor Springs, Illinois; (herein after referred to as “the Designating Units of Government”) have expressed a desire to apply for a new Illinois Enterprise Zone designation; and,

WHEREAS, the Illinois General Assembly passed Senate Bill 3616 as amended on May 31, 2012, and, which was signed into law by the Governor on August 7, 2012, thereby amending the Illinois Enterprise Zone Act (20 ILCS 655/1 et. seq.), hereafter referred to as “the Act,” under the provisions of Public Act 97-905; and,

WHEREAS, the Illinois General Assembly also passed Senate Bill 20 as amended on May 31, 2013, and, which was signed into law by the Governor on July 25, 2013, as Public Act 98-109, portions of which clarified Enterprise Zone related legislation contained in Public Act 97-905 and the Act; and,

WHEREAS, the Act provides for a new Illinois Enterprise Zone designation application process administered by the Illinois Department of Commerce and Economic Opportunity (hereafter referred to as “the Department”) subject to the approval and concurrence of the state Enterprise Zone Board, hereafter referred to as “the Board;” and

WHEREAS, once approved by the Board and certified by the Department, the Enterprise Zone designation will be in effect from January 1st 2020, through December 31st, 2034, subject to review by the 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 have determined and concur that it is desirable and necessary for the Montgomery County region to apply for a new Enterprise Zone designation for the long term benefit and economic viability of the area; and,

WHEREAS, the Designating Units of Government are seeking agreement with the taxing bodies located within the boundaries of the Montgomery County Enterprise Zone, subject to certification by the Department, to abate real property taxes pursuant to requirements in 35 ILS 200/18-170; and

WHEREAS, certain boundaries of the **Village of Donnellson** taxing district lie or will lie in an area within an Enterprise Zone as outlined in the attached “ADDENDUM A,” subject to the certification of the Zone by the Department in accordance with the 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 and/or capital investment goals, as outlined below, and

WHEREAS, the **Village of Donnellson** wishes to participate in the Montgomery County Enterprise Zone real property tax abatement program, subject to certification of the Zone by the Department in accordance with the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE Village of Donnellson BOARD: That **Village of Donnellson** hereby abates real property taxes, subject to its jurisdiction, on those properties within the boundaries of the Montgomery County 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 1st, 2020, and ending at midnight on December 31st, 2034, 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 1st, 2035.

Section 2 – PROPERTY TAX ABATEMENT.

<u>Assessment Increase:</u>	<u>Term of Abatement:</u>	<u>Amount of Abatement</u>
\$ 0 to 2 million	3 years	100%
\$ 2 million to 5 million	5 years	100%
\$ 5 million and above	10 years	100% for years 1 - 5 50% for years 6 – 10

(“Assessment Increase” pertains to those new improvements which have been constructed or upon which existing improvements have been renovated or rehabilitated.)

That commencing on or after January 1st, 2020, taxes on real property levied by **Village of Donnellson** 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 described below. 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) “Project Application” as defined herein is the written application for Montgomery County Enterprise Zone benefits for job development and capital investment projects. The application must be completed by the company seeking benefits (or

the company's designated representative) and submitted to the Montgomery County 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 Building Materials in conjunction with the Illinois Department of Revenue processes and procedures in effect at the time of the Application.

- 2) "Memorandum of Understanding" or "MOU" as defined herein is the written agreement between the Montgomery County Enterprise Zone Administrator, on behalf of the Taxing Bodies participating in the Montgomery County 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.
- 3) "Industrial/Manufacturing Projects" as defined herein, are enterprises where the manufacturing or assembling of goods takes place.
- 4) "Logistic(s)/Distribution Center Projects" as defined herein, are warehousing and distribution enterprises that are engaged in the storage and/or packaging of goods and/or information and the transfer or transportation of products from a point of origin to a point of consumption. Data Centers supporting Information Storage and Distribution are included in this category.
- 5) "Retail/Service/Commercial Projects" as described herein, are enterprises in the business of selling products or services to the general public or wholesale customers as well as restaurants, hotels/motels, assisted living, and related concerns, and enterprises that are research oriented and/or provide professional services such as accounting, engineering, architecture, finance, law and telemarketing companies.
- 6) Exclusions - Retail/Service/Commercial Companies engaged in the following categories of business below shall be ineligible for any property tax abatement as provided herein:
 - a) Self-storage (mini warehouse facilities);
 - b) Adult entertainment venues including adult bookstores;
 - c) Auto salvage and junk yards;
 - d) Commercial feed lots;
 - e) Hides, skins, and raw furs processing;
 - f) Landfills and Refuse incinerators;
 - g) Slaughter houses, meat packing processing plants, and stockyards.
- 7) Additional Exclusions – All residential and apartment projects shall be ineligible for any benefits herein established in the Montgomery Enterprise Zone including sales tax exemption on building materials.

- B) **Project Application Approval** – No project shall be granted property tax abatement until or unless a Project Application has been submitted to the Administrator of the Montgomery County Enterprise Zone, to insure eligibility and qualifying criteria have been met.

Enterprise Zone Property Tax Abatement will not be granted if a project has begun construction prior to receiving approval of an Abatement request from the Administrator. Applicants requesting Building Materials Exemption Certificates (BMEC) from the Administrator and the Illinois Department of Revenue will not receive benefits for

materials purchased prior to the issuance of a BMEC by the Illinois Department of Revenue.

- C) That commencing on or after January 1st, 2020, taxes on land and real property levied by the **Village of Donnellson** shall be abated on property located within the Zone and upon which qualified new improvements have been constructed according to the following schedule:

<u>Assessment Increase:</u>	<u>Term of Abatement:</u>	<u>Amount of Abatement</u>
\$ 0 to 2 million	3 years	100%
\$ 2 million to 5 million	5 years	100%
\$ 5 million and above	10 years	100% for years 1 - 5 50% for years 6 - 10

("Assessment Increase" pertains to those new improvements which have been constructed or upon which existing improvements have been renovated or rehabilitated.)

Said abatements shall be for the terms listed above 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. Abatement for a specific project will cease after the specified year mentioned above or upon expiration, termination or decertification of the Montgomery County Enterprise Zone, whichever is sooner.

- D) The above property tax abatements shall be applicable for eligible **INDUSTRIAL, MANUFACTURING and LOGISTICS/DISTRIBUTION CENTER PROJECTS and for RETAIL/SERVICE/COMMERCIAL** property developments located within the Zone with the exception of those projects outlined in SECTION "2.A.6." above, for increases in assessed value to real property upon which new construction, improvements, renovation or rehabilitation has been completed after January 1st, 2020, and before the expiration, termination or decertification of the Montgomery County 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. Further, if a building permit is required; its issuance is also a condition of abatement approval.

Questions as to the eligibility of a project and resulting improvements will be decided by the Montgomery County Enterprise Zone Administrator, with advice and consent of the local Enterprise Zone Advisory Board.

- E) Regulatory and Legal Compliance. The Companies receiving Montgomery County Enterprise Zone property tax abatement shall comply with all federal, state and local environmental laws and regulations. Failure to comply shall be determined by the Taxing Bodies and shall not require formal action or findings by any governmental agency or court.
- F) Entities meeting abatement qualification criteria outlined above must enter into a Memorandum of Understanding with the Montgomery County Enterprise Zone through its Enterprise Zone Administrator, outlining projected job creation and/or job retention numbers and capital investment for the eligible projects as defined in Section 2.A above. Said Administrator is hereby authorized to enter in to such agreements on behalf of the Montgomery County Enterprise Zone.

- 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 Montgomery County Enterprise Zone Administrator, with the advice and consent of the local 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 Montgomery County 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 Montgomery County Enterprise Zone Administrator will also inform the entity of required 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 Montgomery County Enterprise Zone benefits.
- 4) The Administrator of the Montgomery County Enterprise Zone, with advice and consent of the local 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.

Section 3 – BUILDING PERMIT FEE WAIVER. The **COUNTY OF MONTGOMERY** will waive the normal amount charged for any and all fees or building permits necessary for rehabilitation, expansion or new construction associated with **INDUSTRIAL, MANUFACTURING and LOGISTICS/ DISTRIBUTION CENTER PROJECTS, and for RETAIL/SERVICE/COMMERCIAL PROJECTS**, as defined herein, within the Montgomery County Enterprise Zone. The provision of this incentive shall not be construed to provide for the elimination of any permit.

Section 4 – BENEFIT ENTITLEMENT - Upon the effective date of this ordinance, all incentives and benefits previously offered and in effect in the Montgomery County Enterprise Zone granted before January 1st, 2020, shall continue as originally implemented for the term of the Montgomery County Enterprise Zone, subject to approval and certification of said Zone by the Department, for the following groups:

- A) Business enterprises which are receiving benefits or incentives in the Montgomery County Enterprise Zone on the effective date of this designating resolution;
- B) Business enterprises or expansions which are proposed or under development on the effective date of this designating resolution:
 - 1) If the business enterprise demonstrates that the proposed business enterprise or expansion has committed to locating or expanding in the zone; or
 - 2) 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 because of the Enterprise Zone.

Section 5 - NO TAX LEVY OBJECTION. Taxpayers receiving Montgomery County Enterprise Zone property tax abatements under the terms and conditions outlined above, agree that they shall not file an objection to the real estate property taxes levied on the site and or

facilities or property tax assessment on the site and or facilities. In the event any real estate property tax protestor objection is filed for the subject property, the Enterprise Zone property tax abatement for the subject property shall automatically terminate.

Section 6 – NO ASSIGNMENT OR TRANSFER. Montgomery County 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 Montgomery County 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 Montgomery County Enterprise Zone Administrator requesting transfer of the abatement to the new owner for the time remaining on the abatement.

The Montgomery County Enterprise Zone Administrator, with the advice and consent of the local 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 Montgomery County Enterprise Zone Administrator shall notify the affected taxing bodies that such a request has been made and the action taken by the Administrator to address the transfer request.

Section 7 – ADMINISTRATION. By agreement of the joint applicants of the County of Montgomery, Illinois; and the Cities of Coffeen, Hillsboro, Litchfield, Nokomis and Witt, Illinois; and the Villages of Butler, Coalton, Donnellson, Irving, Raymond, Schram City, and Taylor Springs, Illinois; the Administrator of the Montgomery County Enterprise Zone will be the County Coordinator of Montgomery County or other qualified party as determined from time to time by completing a Request For Qualifications process conducted by the Enterprise Zone Advisory Board in accordance with the Illinois Enterprise Zone Act and Regulations. Administration of the Zone will be carried out as described in the Enterprise Zone Intergovernmental Agreement between the County of Montgomery, Illinois; and the Cities of Coffeen, Hillsboro, Litchfield, Nokomis and Witt, Illinois; and the Villages of Butler, Coalton, Donnellson, Irving, Raymond, Schram City, and Taylor Springs, Illinois.

Section 8 – ADMINISTRATION FEES. Applicant Fees - As allowed by the Act, the Administrator of the Montgomery County Enterprise Zone is hereby authorized to collect a Zone Administration Fee from the Applicant for the issuance of Building Material Exemption Certificates in order to offset the management and operational costs associated with the Administration of the Zone. Said fee shall be equal to .5 percent (1/2%) of the documented cost of building materials for each project up to a maximum of \$50,000 per project (20 ILCS 655/8.2c). The Zone Administrator, with the advice and consent of the Enterprise Zone Advisory Board, may also elect to collect a processing fee for related Enterprise Zone activities such as boundary amendment applications, technical correction applications, and/or other applications resulting in an amendment to the Zone or Zone operating procedures, which may change from time to time. At no time will all fees combined, related to a single project, exceed \$50,000 or such amount as may be stipulated in state statute. **Village of Donnellson** shall have no liability for payment of such fee on behalf of the Applicant;

- A) Abatement of taxes on any parcel shall not exceed the amount reported on the EZ project information forms that is attributable to the construction of the improvements and the renovation or rehabilitation of the existing improvements on such parcel;
- B) That the certification fee collected by the Zone Administrator shall be disbursed as follows; 100% to the Coordinated Services Fee Fund #100-430001-300.

Section 9 – 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 or TIF District shall not be eligible for the abatement of taxes under Section 18-170 of the Illinois Property Tax Code.

Section 10 – BUSINESS ENTERPRISE FOR MINORITIES, WOMEN, AND PERSONS WITH DISABILITIES. The Designating Units of Government are committed to the development of businesses owned by minorities, women and disabled persons, as defined in the Business Enterprise for Minorities, Women and persons With Disabilities Act (30 ILCS 575), in the Montgomery County Enterprise Zone. Further, as described in the Illinois Enterprise Zone Act (20 ILCS 655/4.e.11), the Designating Units of Government are committed to encouraging employers located within the boundaries of the Montgomery County Enterprise Zone to hire minorities, women and disabled persons in accordance with the intent of the Act and the regional economic development strategy.

Section 11 – LOCAL SOURCING STATEMENT. The Designating Units of Government encourage companies receiving Montgomery County Enterprise Zone benefits, as provided herein, to utilize local labor and to purchase building materials locally.

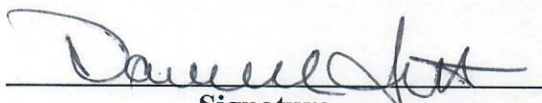
Section 12 – CONFLICTING LANGUAGE. All Ordinances or parts of Ordinances conflicting with any provisions of this Ordinance shall be and are hereby repealed.

Section 13 – EFFECTIVE DATE. This Ordinance shall be in effect from the date of and after its passage, approval and recording and upon certification of the new Enterprise Zone designation by the Illinois Department of Commerce and Economic Opportunity, according to law. Failure to receive certification of the Zone by the Department will render this Ordinance null and void.

PRESENTED, APPROVED AND RECORDED this 13th day of November, 2018.

Ayes: 4 Nays: 0 Present: 4 Absent: 2

ATTEST:



Signature

Chairman/Mayor/President

Darrell Jett

Printed Name



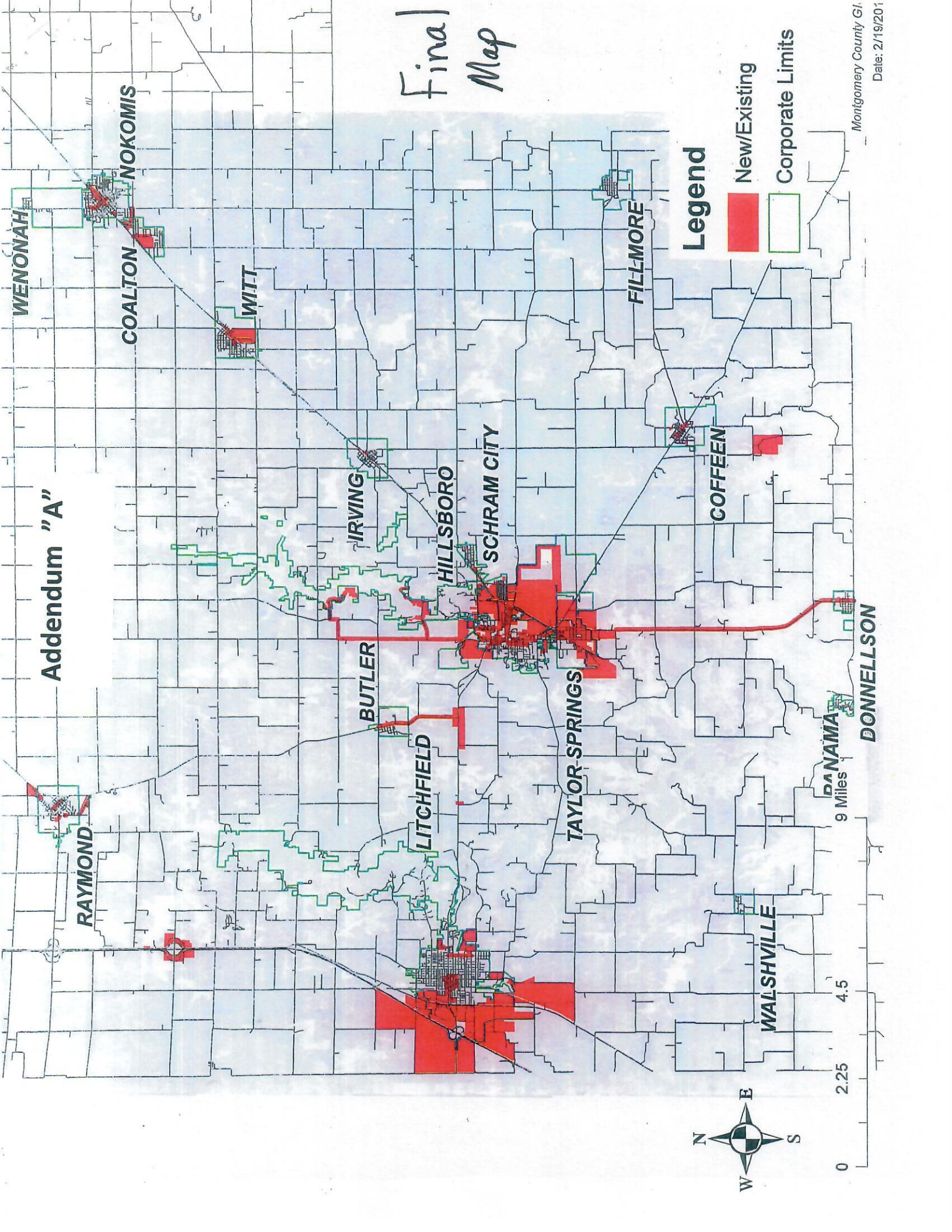
Signature
(Clerk/Secretary)

Shery D. Reynolds

Printed Name

Addendum "A"

Final Map



Legend

- New/Existing
- Corporate Limits