

**Sauk Valley Community College**  
**June 20, 2017**

**Action Item 4.1**

**Topic**                      **Tax Abatement Request – Lee Ogle Enterprise Zone**

**Mission:**                      **Sauk Valley Community College is dedicated to teaching and scholarship while engaging the community in lifelong learning, public service and economic development.**

**Presented By:**              **Dr. David Hellmich and Melissa Dye**

**Presentation:**

The College has received a request for a tax abatement for properties located within the Lee Ogle Enterprise Zone.

According to this request, abatement shall be at the rate of 50% of the value of the improvements for the year in which the assessment for the improvements is made and five (5) assessment years immediately following the year in which the assessment for the improvements is made, provided, however, that no abatement shall be provided beyond December 31, 2031.

Attached is a copy of the resolution as well as a map showing what part of Sauk Valley Community College's district currently lies within the enterprise zone. Tax abatement for these properties will only be in effect for construction of new improvements.

**Recommendation:**

The administration recommends the Board approve the tax abatement request as presented.

**RESOLUTION APPROVING PARTICIPATION  
IN THE LEE OGLE ENTERPRISE ZONE  
SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506**

**WHEREAS**, the County of Lee, the City of Dixon, the County of Ogle and the City of Rochelle, (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, here after 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 1, 2017, through December 31, 2031, 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 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 name of the Enterprise Zone shall be the Lee Ogle Enterprise Zone, herein after referred to as “the Zone.”

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

**WHEREAS**, certain boundaries of the **SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506** 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 goals and capital investment , as outlined below, and

**WHEREAS**, **SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506** wishes to participate in the Lee Ogle 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 SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506 BOARD OF TRUSTEES,**

That **SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506** 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, 2016, taxes on real property levied by the **SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506** 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 Bodies 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.

**City of Dixon Districts for Eligible Project Types:**

- B-1 Limited Neighborhood Business District
- B-2 General Business District
- CBD Central Business District
- BH-1 Interchange Planned Unit Development District
- LM Limited Manufacturing/Business Park District
- GM General Manufacturing District

**Lee County Districts for Eligible Project Types:**

- C-1 Neighborhood Office and Business District
- C-2 Planned Office and Business District
- C-3 General Business District
- I-1 Planned Industrial District

- I-2 General Industrial District
- PUD Planned Unit Development
- DPA Detailed Planning Area

**City of Rochelle Districts for Eligible Project Types:**

- Commercial Districts
  - B-1 Central Business District (CBD)
  - B-2 Highway Commercial District
  - B-3 Neighborhood Commercial District
- Industrial Districts
  - I-1 Light (limited) Industry District
  - I-2 General Industrial District
  - I-3 Heavy Industrial District
- Overlay Districts
  - TTO Transportation Overlay District
  - TOD Technology Overlay 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
- I-1 Industrial District
- PD Planned Development District

- 5) “Commercial Multi-Family Residential Eligible Project Type” as defined herein refers to newly constructed multi-family residential projects where the buildings consist of six (6) units or more on a common foundation. For purposes of Lee Ogle Enterprise Zone, these projects shall be considered commercial in nature and an Eligible Project type.
- 6) 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 BODY PROPERTY TAX ABATEMENT POLICIES.**

- A) By individual governmental Ordinance or Resolution, each designating unit of government and taxing body 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, 2017, taxes on real property levied by the **SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506**, 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, 2017, 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.

C) **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 Enterprise Zone Advisory Board.

D) **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 bodies.

- 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 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 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.

E) **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 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 bodies 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. 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 SAUK VALLEY COMMUNITY COLLEGE DISTRICT #506 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 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 Resolution null and void.

PRESENTED, PASSED AND ADOPTED AT A REGULAR MEETING OF THE BOARD OF TRUSTEES OF SAUK VALLEY COLLEGE DISTRICT #506, LEE COUNTY, DIXON, ILLINOIS BY AN AYE AND NAY ROLL CALL VOTE, WITH \_\_\_\_\_ VOTING AYE, \_\_\_\_\_ VOTING NAY, \_\_\_\_\_ ABSENT, THIS 20TH DAY OF JUNE, 2017.

Board of Trustees of Sauk Valley  
Community College District #506  
Lee County, Illinois

\_\_\_\_\_  
Scott Stoller, Chair

ATTEST:

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Lisa Wiersema, Secretary