

## Other Tax Incentives

### Tax Increment Financing (TIF)

The City will consider the use of Tax Increment Financing incentives should the project warrant such assistance. Tax incentives include rebating of property taxes for up to 23 years for eligible costs.

### EDGE Tax Credit

Tax incentives may be available through the Economic Development for a Growing Economy Program (EDGE), in the form of tax credits against Illinois income tax liability up to a maximum of ten years. It is anticipated that tax incentives available under EDGE will represent a 100 percent tax credit to the company calculated from the personal income tax collected on salaries paid to the employees in the new jobs created by the project.

### Illinois Replacement Tax Investment Credit Program

Firms in Illinois can receive an investment tax credit against Illinois Personal Property Replacement Income Tax for the purchase of qualified property, (including buildings and equipment) used in manufacturing, mining or retail businesses. The tax credit is equal to one-half of one percent (0.5 percent) of the adjusted basis of tangible new or used property with a useful life of four years or more.

An *additional* 0.5 percent tax credit is available for any year in which the firm's base employment increases by one percent or more over the preceding year. If the increased employment is less than one percent, the additional credit will be reduced proportionately.

### Sales Tax Exemption Manufacturing Equipment

Illinois provides the following major exemptions from sales/use taxes: (1) manufacturing machinery, as well as replacement parts and computers used to control manufacturing machinery; (2) farm machinery; and (3) pollution control facilities-- any system, devices or appliance sold to prevent or reduce air and water pollution or pre-treat a potential pollutant. The purchaser must be able to establish through adequate records that the exempt machinery or equipment used at least 50% of the time in a manufacturing/assembling process.

### Illinois Manufacturer's Purchase Credit

Beginning September 1, 2004, qualifying manufacturers may earn a Manufacturer's Purchase Credit (MPC). The MPC is earned when a manufacturer purchases manufacturing or graphic arts machinery and equipment that qualifies for the existing sales/use tax exemptions. MPC may be used to pay state sales or use tax on future purchases of qualifying production-related tangible personal property.

All unused MPC expires the last day of the second calendar year following the year in which the original tax-exempt purchase was made. MPC may not be transferred to another party.

The MPC is equal to **half** of the 6.25% state tax that would have been owed if the purchase was not otherwise exempt

### **Personal Property Tax**

The State of Illinois does not tax personal property. As a result, a developer or company will not be required to pay any personal property tax to the State.